

ROLE OF PRIVATE SECTOR IN PREPAREDNESS AND EMERGENCY RESPONSE

HEARING

BEFORE THE

SUBCOMMITTEE ON EMERGENCY
MANAGEMENT, INTERGOVERNMENTAL RELATIONS,
AND THE DISTRICT OF COLUMBIA

OF THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
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THE ROLE OF THE PRIVATE SECTOR IN PREPAREDNESS AND EMERGENCY RESPONSE

WEDNESDAY, MAY 8, 2013

U.S. SENATE,
SUBCOMMITTEE ON EMERGENCY MANAGEMENT,
INTERGOVERNMENTAL RELATIONS,
AND THE DISTRICT OF COLUMBIA,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:44 p.m., in room SD-342, Dirksen Senate Office Building, Hon. Mark Begich, Chairman of the Subcommittee, presiding.

Present: Senators Begich and Paul.

OPENING STATEMENT OF SENATOR BEGICH

Senator BEGICH. Thank you very much. I appreciate you all being here. I was just saying to Senator Paul, and he indicated to me he has already had all the testimony, passed some legislation, and so we are all done for the day. We really appreciate you all being here. [Laughter.]

Don't we wish this would run like that at times.

Thank you all very much for being here. We will call the Subcommittee on Emergency Management, Intergovernmental Relations, and the District of Columbia (EMDC) of the U.S. Senate Committee on Homeland Security and Governmental Affairs to order. We appreciate the panels for being here, and we thank you very much for taking your time today.

Good afternoon and welcome to the first hearing of the Subcommittee on Emergency Management, Intergovernmental Relations, and the District of Columbia. I want to begin by thanking all our witnesses here today for their willingness to participate as we examine the role of the private sector in disaster preparedness and response. I thank the witnesses for their patience due to the delayed start here, as we had important votes in front of us.

In this time of declining budgets and limited Federal and State and local government resources, the involvement of the private sector in disaster assistance is critical. As we recently saw during the response of Hurricane Sandy, the whole-of-community approach to disaster provides the best chance for success. By leveraging the skills and resources of retail, insurance, financial, transportation industries as well as nonprofit organizations, essential services can be provided in effective and efficient ways.

This approach can save taxpayer dollars while promoting and supporting the businesses that play a vital role in the long-term economic tax base of our States and territories.

Restoring the economic vitality of an affected region has been a priority of the Federal Emergency Management Agency (FEMA) Administrator Fugate but is not simply a Federal responsibility. Our States and communities are best positioned to understand the opportunities for public-private partnerships.

Perhaps nowhere is this more important for engaging the private sector than in my own State of Alaska. Given the separation between Alaska and the rest of the country, we must work with the private sector in the immediate aftermath of disasters. Even in Anchorage, if something happened to Alcan Highway or the port of Anchorage in a disaster, the State and local response teams would be hard pressed to get supplies to needed communities without the help of the private sector. We face natural and manmade threats every day, and response to a disaster will involve stakeholders from every sector across our State in order to address our unique challenges. The interdependencies that exist between our cities and villages make cooperation a critical component of our response.

As many of you may know, prior to coming to the U.S. Senate, I was mayor of Alaska's largest city, Anchorage. During my time as mayor, our city was unfortunately confronted with some extreme weather events that caused damage to homes and businesses and required quick response from my office. I worked with the businesses across the municipality of Anchorage, including Home Depot, Sam's Club, and others, to establish an agreement that avoided price gouging on plywood and other supplies critical to the relief efforts. This public-private partnership was key to ensuring work crews were able to access the needs of the community before there could be a rush on the goods. This cost us nothing and was a great example of how storm preparedness, preparation, and response is greatly improved when we work together to ensure our communities emerge whole after storm events.

As we all know, the primary responsibility of responders in disasters is to save lives. This is accomplished by coordinating all Federal, State, local, and private sector efforts to adequately support but not replace local operations. The private sector should not be an afterthought, but should be involved in the local planning, training, and exercising that leads up to a successful response mission.

Innovation is integral to promoting emergency preparedness in response and concern with our private sector partners. Just as critical, however, is the work done before a disaster to reduce the social and economic impacts of these events. Loss avoidance and mitigation measures can deliver a positive return on investment and lessen future losses. The private sector routinely factors loss avoidance into their short-and long-term planning, and we look forward to understanding how these same strategies can be promoted at the State and local level to create sustained, resilient communities.

I look forward to today's discussion, and before we start, I will turn to the Ranking Member, Senator Paul, if he has some comments he would like to make.

OPENING STATEMENT OF SENATOR PAUL

Senator PAUL. I would like to thank Senator Begich for putting this hearing together and drawing attention to both what government does to help people and also particularly what private entities do to help people.

When Hurricane Katrina happened, I think we gave billions of dollars privately. The government did a lot, too, but the private sector did quite a bit. In my community, the president of my Lions Club, Cardine Harrison, that year went down for several months with the Salvation Army. A friend of mine from medical school, George Ibrahim, housed a family I think for nearly a year from New Orleans in his house. They lived with him in his house. So Americans do extraordinary things through a voluntary basis and through donations, and I think it is just amazing.

One point I would like to make and hopefully will address some is just that I think sometimes when we try to be everything to everyone, we do too much and we try to offer too much that we cannot help the people who truly need it. I think this happens in welfare and disability. I am forever saying in my speeches, if you look like me and you hop out of your truck, you should not be on disability.

The same way with disaster loans. There are true disasters, and then there are disasters that still have two legs, two arms, and are not on dialysis and walking around and may not need government's help.

Four decades ago, we had 435 per decade disaster relief, then 351 the next decade, then 929 two decades ago. Now we are up to 1,395 disasters. So I think we have expanded the definition probably of disasters. FEMA does not have enough money, and we are forever looking for more money.

Hurricane Sandy was a disaster. Hurricane Katrina was a disaster. I think there are some things there is no question. But if we expand the definition just like if we expand the definition of disability and we are trying to help people who are not truly disabled, it is less money for the truly disabled. The same thing goes for storms. If we expand the definition of storms and we try to help too many people, there is not enough money. We are borrowing from foreign countries to pay for it, and then when we truly have a disaster, the people who need it do not have enough money because we have spent it on, I think, things that may not have been or should not have been defined as a disaster at the time.

But I welcome the conversation and am glad to be part of it. Thank you.

Senator BEGICH. Thank you very much.

Let us get to our first panel. Again, we want to thank you for participating today.

We have Elizabeth Zimmerman, Deputy Associate Administrator, Office of Response and Recovery, Federal Emergency Management Agency, U.S. Department of Homeland Security (DHS).

Also, Michael Chodos, Associate Administrator, Office of Entrepreneurial Development (OED), U.S. Small Business Administration (SBA).

Again, we want to thank you both for being here. I will turn to Elizabeth Zimmerman first, and then we will go to you, Michael, if that is OK.

TESTIMONY OF ELIZABETH ZIMMERMAN,¹ DEPUTY ASSOCIATE ADMINISTRATOR, OFFICE OF RESPONSE AND RECOVERY, FEDERAL EMERGENCY MANAGEMENT AGENCY, U.S. DEPARTMENT OF HOMELAND SECURITY

Ms. ZIMMERMAN. Well, good afternoon, and thank you, Chairman Begich and Ranking Member Paul. I am very happy to be here to be able to have this discussion and talk about the private sector because it is very important to us. As you mentioned, I am the Deputy Associate Administrator for Response and Recovery at FEMA, so that is everything that you do see going out in the news and all that.

I look forward to really sharing and highlighting some of the collaborative endeavors that we have done with the private sector. Thank you, Chairman Begich, for mentioning the whole community because that is key. That is what FEMA—as we have talked about FEMA is not the team. FEMA is only part of the team, and only one piece of that, as well as the government itself. There are so many more aspects to it, and we have really been engaged in the last 4 years with our traditional emergency management partners as well as the non-traditional ones to really build what we call the whole community. The private sector is a significant member of that team also.

We have been able to see the Nation's vast network of business, industry, academia, trade associations, and other nongovernmental organizations really as equal partners to us in the phase of disaster cycles. So from the preparedness that we do now, response during the disaster, recovering after, and then those efforts of mitigation that are threaded through the whole process of emergency management are very key that we are all participating in that.

We are better able to provide assistance now to disaster survivors and the impacted communities when the public sector as well as the private sector are very active members and working together for that community to recover.

FEMA really places a premium on our relationship that we do have with the public and private partnerships as well as the tools that we have been able to develop and to share and the resources to build to enhance those relationships that we have.

The private sector outreach and steady State that we do have, we engage a variety of segments of the private sector through our various activities. There's the seasonal public affairs campaigns that we do, Preparedness Month in September, as well as things all throughout the year, providing feedback, and then also asking our business partners to provide feedback on the national policies and participating in joint exercises, everything that we do, keeping them hand in hand with us.

FEMA did create a QuakeSmart program to help those local businesses mitigate earthquake damage losses and to get back up and running, to run them through scenarios. We have set up six

¹ The prepared statement of Ms. Zimmerman appears in the Appendix on page 31.

different exercises that businesses can go online, pull off, see the injects, and run through an exercise, whether it is a cyber-type event or a flood, so that is something that has been very valuable.

Also, this July, we are going to host the third annual public-private partnership conference, and it is based on resilience, is the theme of that conference.

FEMA also has established private sector representatives within FEMA. We did this back in October 2010, put it out there for business and industry to have folks select an individual that would actually come to FEMA and work for 90 days in our offices working side by side with us, so not just through the—so they were stationed there. So far we have had eight companies commit the resources, because it is an expense to the businesses. It started at Target, as I said, back in October 2010. Big Lots sent a representative; Brookfield Properties; Verizon; Systems Planning Corporation, which is a small business, there are only a few people in the business; Walmart; and most recently, Dominion Power. When Hurricane Sandy hit, Dominion Power had a representative working right there in FEMA's office. And we are continuing that program so that we can be truly integrated and collaborative when we are working.

So these continue to work at the national level, and I am proud to say that we are expanding that. FEMA has the 10 regional offices, and our Region 5 in Chicago will be getting a partner from—Walgreens will be coming in there to be able to work and to be more collaborative at the regional level and working with the States and bringing their folks together. So we are very excited for that.

Also, FEMA is working to bring representatives from the academic community in to support us.

One of the things that we established back in July 2012 was the National Business Emergency Operations Center (NBEOC), and that is a virtual center where we are able to communicate during times of disaster—well, pre-hand we are coordinating, but then during disaster we are able to reach out to the businesses that have participated in that, and we have hundreds of businesses that are participating and able to get information out and to get information in, because we have to be able to share both ways. So it has been very productive during disasters, as I said, to be able to know what businesses are open, what businesses are closed. So these are things that we have been able to do through our processes and working with the private sector.

There are many other things that we have been able to do in working—I want to say that businesses are not our only non-governmental entities. Also, the faith-based organizations, the voluntary agencies, some of the other representatives that are on the next panel. So it is very key for us. We have signed a number of agreements with these agencies, the National VOAD, the Red Cross. We are signing up with the Young Men's Christian Association (YMCA), the American Association of Retired Persons (AARP), the National Association for the Advancement of Colored People (NAACP), as well as many faith-based organizations as we are working together.

So, in closing, I would just like to thank you for allowing us to be here today. I appreciate this invitation. There is a lot of great work that has been going on with our partners, and we are happy to be here.

Senator BEGICH. Thank you very much.

And let me now turn to Michael Chodos. Michael.

TESTIMONY OF MICHAEL CHODOS,¹ ASSOCIATE ADMINISTRATOR, OFFICE OF ENTREPRENEURIAL DEVELOPMENT, U.S. SMALL BUSINESS ADMINISTRATION

Mr. CHODOS. Thank you, Chairman Begich and Ranking Member Paul, for the opportunity to testify today regarding the Small Business Administration's role in helping communities recover and rebuild after major disasters, as well as the importance of collaboration between the public and private sectors in disaster response and long-term recovery.

As you know, SBA is responsible for providing affordable, timely, and accessible financial assistance in the form of low-interest loans to businesses of all sizes, homeowners, renters, and nonprofit organizations in the aftermath of a disaster.

When a major disaster strikes, SBA is on the ground across the affected region, providing individuals and businesses with information, support, and access to disaster recovery loans. After a major disaster, it is well known that we provide disaster recovery loans; however, those loans are only one small part of the agency-wide approach that we offer to affected communities. For example, because of the series of major disasters we have seen in recent years and the expectation of future extreme weather and other impacts of climate change, SBA has put a strong emphasis on preparedness through online training, district office outreach, and national webinars, including especially through public-private partnerships.

Also, our Office of Entrepreneurial Development, of which I am in charge, and our vast network of business counselors and economic development partners also play an essential role on the ground in preparedness for small businesses, training thousands of businesses each year in the essentials of disaster planning. In addition, when a disaster strikes, our partner network is there on the ground to help the region's small businesses restart, rebuild, and thrive again.

Our entrepreneurial development programs and partners are deeply embedded in the local and regional economic development ecosystems in communities across the country. We support over 1 million clients annually and have more than 14,000 business counselors, mentors, and trainers available through our Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), and SCORE chapters.

In addition to their Federal funding, our partners receive funding from State and local governments, educational institutions, charitable foundations, and corporate and other private sector partners. Our vast partner network, in addition to our 68 district offices, is what makes us uniquely situated to aid survivors in the aftermath of a disaster and to act as the glue which connects the different

¹ The prepared statement of Mr. Chodos appears in the Appendix on page 37.

parts of the community and provides the information necessary for our small businesses to connect with the other partners that they need in order to be able to recover.

So immediately after a disaster occurs, our resource partners help staff Disaster Recovery Centers (DRCs). They provide intake space for Business Recovery Centers in their own service center locations, and they set up informational events in communities across the area.

In this early period after a disaster, our partners help business owners map out the recovery process, collect information, and apply for disaster loans. They connect business owners with other State, local, and Federal resources, ranging from help accessing governmental and utility programs to connections with the Internal Revenue Service (IRS) to obtain copies of critical tax documents. Our partners also help businesses take the first concrete steps to obtain the capital, resources, and mentoring that they need to get back up and running. In addition, they help small businesses to connect with each other, with lost suppliers and with new customer networks.

Over the long term, our resource partners help existing businesses review and reshape their business plans, vendor and customer relationships, marketing and customer acquisition plans, and financing arrangements. We know that some small businesses hardest hit by a disaster will unfortunately never return and reopen; therefore, our partners also help new businesses get access to the tools they need to plan for successful growth and to make their communities vibrant again.

With regard to our response to Hurricane Sandy, the Hurricane Sandy supplemental enacted by Congress provided \$20 million for small business technical assistance for the areas impacted. SBA is using a two-phase approach to jump-start the recovery process and invest in rebuilding.

In the first phase, which we have already deployed, \$5.8 million approximately was focused on immediate and intensive business counseling and training to support recovery as businesses are getting back up to speed.

In phase 2 of our Hurricane Sandy response, we are using the remaining funds to build long-term, community-based, collaborative business recovery and resiliency in the affected counties. In this phase, our partners are collaborating with each other, with the private sector, and with State and local mayors' offices, Governors' offices, and community economic development corporations to have a single, non-duplicative, and coordinated effort to get businesses back up and running.

With that, I thank you for the opportunity to testify, and I look forward to your questions.

Senator BEGICH. Thank you very much.

We will probably each have a 5-minute round, but we may double up because we have a little time if there are additional questions, so we might go back and forth. I just have a couple to start off with, but, again, thank you both for being here.

Ms. Zimmerman, I have been, you may have read, a little bit of a critic at times on the private sector office within FEMA, so I want you to kind of explain a little bit more how we are engaged

with stakeholders, from a function standpoint, what does it do and how does it work from how you see it. I have mentioned this more than once about what does this office do, how does it work, and I will be honest with you. When I go out to the business community throughout Alaska and in here, when I have seen more around the country when I am traveling, I have only found one business, large business, that has at least connected with this office, I should say. So help me understand this, and tell me about its role and functions.

I do not mean to put you on the spot there, but it is one of those questions that—I know in the back of their minds over there at FEMA they are saying, “That Begich keeps talking about this. We want to tell him.” So this is your opportunity.

Ms. ZIMMERMAN. Thank you very much, Chairman. Yes, this office is within External Affairs for FEMA, right under the Administrator, and it is there to collaborate and to reach out. They do a lot of outreach to the businesses, small and large, to bring them in and to be able to share the emergency management. So they have provided what we—

Senator BEGICH. Can I interrupt for a second? Before and after and during?

Ms. ZIMMERMAN. Yes, before, after, and during. Yes.

Senator BEGICH. OK.

Ms. ZIMMERMAN. So through the whole phase of disasters, and whether it is preparedness, talking preparedness things, or mitigation, what can they do to help them to withstand damages from the disaster. So that office is doing a lot of outreach to all types of businesses, and it is not just businesses, but it is the faith-based community and it is everybody. So working within our program areas we have public assistance, which is the rebuilding of infrastructure, as well as individual assistance programs that we have for the individuals that are impacted by disasters. So this office reaches out to everything, as I said, within Response and Recovery that we do to help share and to bring those resources in to find out what those needs are going to be. And working with them—we just hosted a meeting, and I believe there were about 30 different companies that came into FEMA’s office for a meeting to see how we were doing, to talk about things, what resources we could be providing to them, much like we do to States and local communities for providing exercise support, like I had mentioned with giving them here’s the injects, you sit down and have this tabletop discussion: What are you going to do if an earthquake happens here? What are you going to do if a flood happens? And how you work through that.

So this office is our point to reach out to that. They work very closely with the Department of Homeland Security’s private sector office as well as the other components within DHS, as well as those within the White House and other offices to bring the business partners. Obviously, we work very closely with SBA, Economic Development, and all of those people to help to coordinate that. So that is what this office does.

There is a private sector lead—or we have our lead, and then right underneath that is the private sector representative that we

have come in, like I said. They are in there for 90 days. The company commits to——

Senator BEGICH. You have a loan executive or something like that?

Ms. ZIMMERMAN. So yes, I mean, it is staff members, people that have worked in maybe emergency management for that corporation. As I said, Target was the first representative. So that person sat in our Emergency Operations Center (EOC), and the National Response and Coordination Center (NRCC) during disasters, way back during Lee and, everything that we have been through. So they are sitting, and they are coordinating with the private sector. So it has been great. We have been able to—during Hurricane Isaac, we were able to reach out, find out where the stores were opened, find out what is open, because the one thing FEMA does not want to do is set up a point of distribution with the State and this local community and then find out that store is open. So being able to coordinate and say, OK, this part of town is good, so that, people are able to go in and shop. We want to get people doing that. So looking at where is the hardest hit. So we work with the businesses to say, OK, we need to go over here because this store is not going to open immediately, we need to make sure folks have the resources that they need.

So really coordinating that way as well as during Hurricane Sandy we found businesses saying, our employees have been impacted by the disaster, so actually being able to coordinate that and to bring our representatives in the field to take applications. They are trying to keep the business open and running, and at the same time, they want to be able to apply for the services. And so, bringing us to them instead of them having to come to some facility that we set up.

So we have been able to do a lot of coordination that way.

Senator BEGICH. Very good. My time has expired on the first 5 minutes, but I want to turn to Senator Paul. I do have some additional questions for both of you, but I will turn to Senator Paul next.

Senator PAUL. Well, thank you to the panel for attending and coming and giving us your presentations today.

When you build a house, you get an estimate, you work with the builder. You talk about—you have to give them choices: Do you want wood or carpet, Formica or granite, linoleum, tile? You go through all these choices, and they give you their best-faith estimate. But they still do not ask for all the money up front. If you are going to build a \$200,000 house, you give them a downpayment on it. And then as you build it, you watch. The builder tells you if you are going over or under and gives you another estimate as you go along. And sometimes you end up paying more. In my house, we did pay a little more because things were not estimated. Maybe we wanted something that we did not tell them specifically enough.

But the industry of building houses and the industry of the way the marketplace works is they are not so trusting as to give all the money up front. They want to know beforehand and they want to know specifics, and the people who are paying are hesitant to pay too much.

So when we come to Hurricane Sandy, we have something where politicians on both sides, they insist, they demand, they put their arms up in the air and said, "Give me my money. Give it all, \$60 billion." I frankly find it inconceivable that you could really calculate where you are going to spend \$60 billion. I think nobody has any idea. And if I ask you the specific receipt, are you paying for wood or tile or linoleum or tile, nobody has any idea. That is just too big a number.

I mean, private corporations cannot figure that out. Nobody can. And that is why I ask, give it a little bit at a time, like building a house. Give \$9 billion for 1 year, see how they are doing with the money, investigate the \$9 billion, make sure it is being spent appropriately.

There have been accusations that money in the past did not always go to the right thing, that people came in with television sets and said, "My TV was broken in 1997 after a big storm," and they got a new TV. I mean, this happened—there are a lot of accusations of this. There were prisoners in Baton Rouge who got, displacement money while they were in jail for Hurricane Katrina. And it is not because I think you are bad people at FEMA, and I do not, but I think you cannot manage \$60 billion. You cannot find who the bad people are. You cannot find who the fraud is, and you cannot spend the money wisely.

So my question is: Do you think it is a good idea—this is to Ms. Zimmerman. I know you are going to love this question. Do you think it is a good idea to have so much money all up front, or do you think it would have been better to stagger the money and then see if it is being wisely spent and monitored a little bit at a time? The other reasoning being we do not have any money. We are a trillion dollars short up here. FEMA does not pay for itself. We do not allocate money for FEMA. We go from one disaster to another.

Do you think it is best to get all the money up front, or would it better to dole it out a little bit at a time?

Ms. ZIMMERMAN. Thank you, Senator. Yes, so of the \$60 billion, as you know, \$11 billion came to FEMA for the Disaster Relief Fund (DRF), for our programs, for public assistance and individual assistance. So our program for public assistance and for the rebuilding that we are covering is a reimbursement. So they go out and they do estimates, much like what you were saying, and then they start building. And then as they—because some of these projects are very expensive, and it is going to take time. So as they incur costs, then we can reimburse them. So it is not all up front at this point for FEMA's program.

Senator PAUL. Your money was given up front. You got it all, right?

Ms. ZIMMERMAN. So we got \$11 billion of the \$60 billion that was given. So, yes, so we got our money. So it sits in the Disaster Relief Fund until we need to draw it down and to be able to use that. So that is reimbursement.

The money that goes to the individuals, on the other hand, is a grant, and that is—

Senator PAUL. Do the individuals have to prove that they do not have insurance to get money?

Ms. ZIMMERMAN. Yes. So we have to go through, and as you talked about Hurricane Katrina, and the things that happened there, and we have done a lot—put a lot of things in place since then to be able to do better with the identity verification process, so being able to scan in, to punch in when somebody calls in to our call center or goes online and we can—we have different ways of verifying that address. We have also found a number of ways to take some of the biggest hits. People will use some of the check-cashing or, 7-Elevens or something as their address, and it is not really their address.

So we have put things in place to be able to do more identity verification, as well as people running Social Security numbers and all of that since Hurricane Katrina. We have taken our improper payment rate down from over 14 percent to less than 0.3.

Senator PAUL. I guess my problem is it is a huge guess. How do you know you are going to spend \$11 billion? You have no idea. I mean, it is just a huge guess. Nobody can guess that specifically. And my tendency is to believe the government is not—you are not going to be sending us any of it back. I have yet to see a government entity send a couple billion back and say, “Oh, we very wisely underspent here, and we checked everybody so well, we had money left over.” That is why I would have only given you \$2 billion or \$3 billion. I would have said, “Prove to me that you can do a good job,” and then I would have monitored you. That would be my oversight. That is what—I am supposed to represent and defend the Treasury. I should be doing that. But I do not think we did that. I think—and I trust you are a good person. You will try to do a good job. But the history of government is that people do not treat it like their money. It is somebody else’s money. It is money that none of us could ever have. We do not know what \$11 billion is like to earn it. So we just do not treat it as wisely as we would treat our own.

And it is not an allegation to you. It is just it is what it is. I do not think we husband our resources.

I am out of time. I am sorry.

Senator BEGICH. Let me, if I can, do a quick followup on that and then a couple other quick questions, then go right back to Senator Paul.

Let me ask you, you mentioned—and I just caught the percentage. I want to make sure I heard that right. Your internal reimbursements, I should say, went from 14 percent improper payments, meaning they were not verified and other issues, down to 0.03 percent. Can you give me dollar figures related to that? And if you cannot do it now, maybe at a later time, would that be possible?

Ms. ZIMMERMAN. We will have to get back to you on that one.

Senator BEGICH. I would like that for the record.

Then I would like to also know what were the mechanisms, because I think we would have lots of agencies who would like to take this technique, whatever it was, to use. But can you maybe outline to the Committee here what are the steps you took, or whoever took, to really clamp down on that? We can point to Medicare that has \$65 billion in overpayments or improper payments, dependent on how you categorize them, and other agencies have similar

issues. So I would be interested if this is a practice that we could deal with or at least replicate.

The other question I would like to ask is on the issue of how you go about the reimbursements process. For example, if I am a small business person—and this is going to actually go to both of you, if I can, because I have seen this before. So let us say it is an area that has had multiple disasters over the years, and I am the small business person. You keep coming back, which is fine. The damage keep coming. You keep writing me checks to fix the disaster that has occurred 2 years ago, and then 2 years before that. And what I would rather do is work with FEMA an SBA and say, “I would like to move my business because it seems logical. Why would you keep writing me checks?” How do each of your agencies approach that situation? Or can you under your jurisdiction or your authorization within the law? That should be the first thing. If you know an area that continually gets hit with disaster, it seems logical to start saying, “You know what? You should move.” I know in Alaska, we have communities literally falling into the ocean. Now, we have a choice. We can wait, because FEMA will be in, or we could figure out how to move them so we do not have to call FEMA. But on the SBA end, you also have a role because people come and they get the low-cost loans—disaster loans, I guess I should say. So how do you approach that? Let me start with Ms. Zimmerman, and then I will go over to Mr. Chodos, if that is OK, because we both have kind of a role in this, and I guess the first question is: Do you have legal authority to even consider that? And, two, if you do, do you have funding? And, three, if so, how do you go about it?

Ms. ZIMMERMAN. Well, for any businesses, FEMA does not provide any assistance to businesses, so it all goes over to SBA.

Senator BEGICH. OK. So we will hold that for the businesses. But on residential, same question.

Ms. ZIMMERMAN. Residential—

Senator BEGICH. Can you relocate them?

Ms. ZIMMERMAN. Yes. And, in fact, New York is working through that right now, New Jersey. When there is a disaster that has happened, and so people—like I say, people from us do not get whole, but that is something communities take a look at, and they can use other funding.

Senator BEGICH. The Community Development Block Grant (CDBG) and other things, correct.

Ms. ZIMMERMAN. CDBG money. We do have mitigation money. We do buyouts. So if you look actually up in Grand Forks, North Dakota, after the floods in 1997, we bought out the communities.

Senator BEGICH. I have seen it.

Ms. ZIMMERMAN. And that is something the community has to decide. We do not direct that.

Senator BEGICH. OK.

Ms. ZIMMERMAN. But it is an option that they can take their hazard mitigation grant money and buy out properties.

Senator BEGICH. But residential only.

Ms. ZIMMERMAN. Residential only, no businesses.

Senator BEGICH. OK. Let me flip it over—and I guess that is because that is statutorily limited, right?

Ms. ZIMMERMAN. Correct.

Senator BEGICH. OK.

Mr. CHODOS. Yes, Chairman, thank you for the question. Let me say that my area of expertise and oversight at the agency is Office of Entrepreneurial Development. James Rivera is in charge of our Office of Disaster Assistance, so I would be happy to defer to him in questions for the record afterwards about the specifics.

Senator BEGICH. OK.

Mr. CHODOS. But it is fundamentally not within the agency's purview, statutory purview, to make decisions about business relocation or community relocation. The agency in its disaster lending program is primarily engaged in remediating uninsured loss for property damage, both for individual and businesses, and economic injury essentially in the form of revenue loss as a result of a disaster.

But I must say that the issue of relocation, restarting, and rebuilding is a constant issue after a disaster.

Senator BEGICH. Right.

Mr. CHODOS. Especially like Hurricane Sandy—

Senator BEGICH. Especially frequent disasters, too.

Mr. CHODOS. Yes. And in Hurricane Sandy, we have over 600,000 businesses that are affected. Some significant percentage of those is going to either relocate or not come back, and somebody else will come and restart, and they have to decide where. Our partner network, our SBDCs, our WBCs, and our SCORE volunteers deal regularly with businesses on individual choice about relocation, restarting, where they are going to startup again, or where they are going to move, if appropriate.

Senator BEGICH. If I am a business and I want to relocate, and let us say FEMA and other agencies recognize this area due to climate change and other issues, disasters will continue to kind of hit this area. Let us say a disaster occurred and I am affected, and I realize based on the data maybe this is not such a good place after maybe two or three disasters, and I might want to move, I am in my third disaster, if I came in and said, "I want to borrow disaster aid money or disaster relief money to relocate my business out of this potential situation," is that available?

Mr. CHODOS. I will have to get back to you on that question.

Senator BEGICH. OK.

Mr. CHODOS. I simply know this: You did differentiate in your question between climate change-related relocations, which are non-emergent—

Senator BEGICH. Right.

Mr. CHODOS [continuing]. And actual disasters that occur, weather events or whatever, for which there is an opportunity for disaster relief. The agency's authority is for the emergent relief.

Senator BEGICH. Got you. Do either one of you have climate change issues within your category of mitigation?

Ms. ZIMMERMAN. That is definitely something we are looking at, yes.

Senator BEGICH. OK. So you are analyzing—

Ms. ZIMMERMAN. We are addressing that and looking at the longer range as we are—

Senator BEGICH. What may be the future.

Ms. ZIMMERMAN. What may be the future, yes.

Senator BEGICH. OK.

Mr. CHODOS. So I will say climate change I believe is not part of the disaster response statutory framework at SBA, but it is most certainly part of the preparedness training and the ongoing business planning process that we engage in with all of our counseling and training clients.

Senator BEGICH. Very good.

Mr. CHODOS. So business—and disaster preparedness is a key part of the business planning process for every business in America, and if they are not doing it, they should be doing it.

Senator BEGICH. We know insurance companies are doing it.

Mr. CHODOS. Yes, and our partners are working with insurance companies, with small business groups all across the country, and with their local communities to make sure it is part of the plan.

Senator BEGICH. Let me ask you—and Senator Paul indicated he will be back, so I may ask a couple more and then go to the next panel. But let me ask, if I can, you mentioned—and I know it is the creation of the National Business Emergency Operation Centers, and I know you have had some after-action reviews by FEMA since Hurricane Sandy. Can you tell me a couple things that came out of those. If not now, for the record, here are some things we could do better or here are some things we did very well and we should now expand those. Also, our best practice and/or, I hate to say it, a worst practice? Can you give me a little sense on that?

Ms. ZIMMERMAN. Sure. I think the best practice is the fact that we are talking about before the disaster hits to collaborate. And then after Hurricane Sandy, we did, we pulled in folks, and we actually convened a call, and there were over 100 representatives on that. And, what is it we could do better next time? And, it came down to how we can share data with this technology age and to be able to, like I said, find out what is open, what is closed from them, as well as what we are bringing in so that we are coordinating and collaborating for that community so they are able to feed data into us, and we are able to put that out so that everybody can see, so if they want to know what areas have been impacted by the disaster, and to be able to see where they have employees. So where are the places that they might need to bring in resources? Because a lot of businesses, even if there is not a business there, if it is one of the big box stores or something and they want to donate, they want to provide assistance, to be able to help them coordinate that.

So what we learned was we still have a ways to go to be able to make sure that we are sharing the data, forward, both ways, both directions, so that they can both be better coordinated. So that was one of the things that I know came out of that.

Senator BEGICH. Thank you very much.

Let me, if I can, Michael, just one last question. I have some others I may submit for the record, but I do not want to keep you all at the table. I know most people who come and testify in a Committee are anxious to get off the table, so I hear you, I understand.

Tell me the work you are doing, is there a difference between how you work with urban areas, more concentrated populations, and more rural areas? And I think of Alaska. I mean, I was just in Bethel, Alaska, and Anchorage, and there is a big difference between the two communities and how they respond or what they can

do and how SBA participates. Actually, we had someone from SBA participating with us on the veterans side of the equation, veterans job creation.

Mr. CHODOS. I understand you had a very productive trip over the 2 days.

Senator BEGICH. It was. He did a great job, and he got the experience of flying in Alaska, which he will remember. But is there a difference in how you respond or work with rural areas that is unique in itself? But maybe you could—

Mr. CHODOS. Absolutely there is, and what it basically boils down to is not a top-down decision about how we are going to respond differently in urban areas than we do in rural areas. It is our partners, as I mentioned in my testimony, are deeply embedded in their local communities. They live there, they work there—

Senator BEGICH. If I can interrupt, like in Alaska, some of our communities might be the villages, the tribes.

Mr. CHODOS. Yes.

Senator BEGICH. The local communities, state.

Mr. CHODOS. So we have five brick-and-mortar locations. It is actually either five or six brick-and-mortar locations for our Small Business Development Centers in Alaska, but there are communities spread all across Alaska which cannot come into those communities for counseling or training or for disaster response. So we offer online, webinar, and other outward-facing ways to connect to folks outside in the community, and because there are places in Alaska where it is not easy even to get full Internet access—

Senator BEGICH. That is true.

Mr. CHODOS [continuing]. We partner with the PBC broadcasting station to get some of our word out in the form of courses and other things that are delivered across the television broadcast network, which just about everybody has access to. So this is really—we are the most entrepreneurial of agencies; when it comes to getting out and connecting with small business, we do what needs to be done to get out and to connect. And that is what that begin to look like.

Senator BEGICH. Very good. Thank you both. I will say one thing. One, I appreciate you all here. We will have more questions I will submit for the record. I find it interesting—I am glad you are reaching out to the business community. I will tell you, to expand a little bit more on when I was mayor, what we did was, I think, very unique in the country. It was right after Hurricane Katrina, and we came up with an idea. We actually embed into our operations, our operations center, the private sector folks. They are not extra. They are right there. And we embedded in the center folks that have logistic needs—or products that we need, and we have an agreement with these stores with no cost, no retainer, none of that, it is a 72-hour closeout on the Stock Keeping Units (SKUs), meaning codes on product that we do not want purchased until we give an OK, because in a disaster, what can happen is people go start hoarding things, maybe water, lumber, equipment. So we actually have a list and a price document so it is not a gouging in the future, just here it is and they lock them out on the SKUs so people cannot come to Home Depot, load up seven pick-up loads of lumber. It is an interesting model because we pay no retainer,

there is no government dollars. It is a private sector partnership, and they do it because they are good corporate citizens. And, I think, again, that can only be born in a lot of ways from a national—or from a local end, but nationally, I think there are some huge opportunities here, because on the flip side, our school district got a FEMA grant, and they went and started putting in storage facilities to put food and stuff. And I am like, do not do that. These stores have better logistics and turnover rates than we will ever have. And the net result is you can get to a Safeway or in our State, a Safeway Carrs, Fred Meyer, and have food product available. Water is usually the big draw. They know where it is every minute of the day, and they have disaster centers all around the globe.

So I am glad you are reaching out. I think it is simpler than I think people think it is. Our agreements are very successful, and the corporations really appreciate it because obviously they get a lot of score from it publicly. But also they know when an emergency disaster occurs, they will be partners, not trying to figure out who they need to figure out to work with. And our view is you can work with any customer you want, but these products need to be with us first. And then we release them, and then they can go do whatever they want after that point. And usually the first 72 hours, you got a good sense of what you need or do not need.

So I really appreciate your stepping out on that, and anything, we can do to add to that, we would be happy to.

Senator Paul, I was about to dismiss them, but if you have some additional—

Senator PAUL. I am OK.

Senator BEGICH. OK. Let me say thank you again very much. We will ask our second panel to come up, and I will have some questions I will submit for the record.

Our next panel is joining us. I will let them get situated.

And, Chris, is it “Terzich”?

Mr. TERZICH. Senator Begich, apparently—

Senator BEGICH. We are Croatian, so he must be.

Mr. TERZICH. And I learned a few years ago that my family mispronounces it, but I will stick with “Terzich.”

Senator BEGICH. Because they added the “H” like we did, and it is—Terzich. Chris, thank you very much for being here, Chair of the Regional Consortium Coordinating Council (RCCC).

Michael Merwarth.

Mr. MERWARTH. Merwarth, yes, sir.

Senator BEGICH. It is a long day. Thank you very much. Senior vice president and chief underwriter, United Services Automobile Association (USAA).

And then Daniel—“Stocker” or “Stoker”?

Mr. STOECKER. “Stoker,” sir.

Senator BEGICH. Executive Director, National Volunteer Organizations Active in Disasters (NVOAD).

We really appreciate your being here. Thank you very much. Again, you will see the same format. We might go back and forth a little bit here.

So, Chris, we will start with you, and then we will just kind of go down the table, if that is OK. And, Chris, are you Croatian? I am just——

Mr. TERZICH. Yes, as a matter of fact, I am Croatian, and “Terzich” I learned is a common Croatian name, but my family says “Terzick,” and I now go by either.

Senator BEGICH. OK. Very good.

TESTIMONY OF CHRISTOPHER TERZICH,¹ CHAIR, REGIONAL CONSORTIUM COORDINATING COUNCIL

Mr. TERZICH. Good afternoon, Chairman Begich, Ranking Member Paul. My name is Chris Terzich, and I am the Chair of the Regional Consortium Coordinating Council. This is a group of partnerships from across the country working on critical infrastructure and homeland security.

As you have heard already, Americans help Americans in need, whether it is through social media, whether it is traveling to disaster-stricken areas, or, as we just saw in April, whether it is running from a marathon to the hospital to give blood. Americans help Americans.

And so as we look to be successful in our resilience in critical infrastructure protection, we need to understand that we need to focus on efforts that enable Americans in their own communities. We need to understand there are different dynamics in different communities. And we need to focus on their expertise, their strengths, their skills.

There are two areas we can do this pretty easily right now following the Community Emergency Response Team (CERT) model, which has been very successful, and those areas are in social media, who are less engaged than the CERT team, or on the higher end with trained skilled response teams.

America is changing. It is not a surprise to us, but there are a couple of numbers that I will share with you that I found startling. Today we are 82 percent urban, and that is compared to 30 percent in 1930. In 2030, we are expected to be 87 percent urban. And in California, our most urban State, they are 95 percent urban. And Los Angeles is the most densely populated urban area in the country.

We are also moving to the coasts in increasing numbers, over the last several years increasing our population there by 150 percent. Both concentration in cities and concentration along coastal areas brings us into more interdependent situations and also, coincidentally, into more exposure to disasters. In 2011 and 2012, we had a record \$25 billion or more disasters.

So we are also very connected. We are all familiar with the Six Degrees of Separation, and as we were talking before the meeting, the Six Degrees of Kevin Bacon perhaps may be more known. But what is lesser known is something called the Three Degrees of Influence, and this is simply your friends’ friends influence you. This has been studied in smoking, and it holds true in most areas.

And, Chairman Begich, as you have already said, we are both of Croatian descent, but if Wikipedia is correct, your father and my

¹ The prepared statement of Mr. Terzich appears in the Appendix on page 42.

mother also grew up in the same small town in Minnesota, Eveleth, and our fathers both went to the University of Minnesota, and we had not met before today. And so it is a small world.

But this world is moving at light speed. Facebook, for instance, in a single day has 618 billion unique visitors. Just this morning I had a video conversation on my portable device with my daughter who is a thousands miles away. So when we have communities and we are connected like this, regional partnerships give us a sense of identity. And in my experience, some of the most successful partnerships start out with, as you have said, a simple organization, clear goals, and small committed core.

In Alaska, where one emergency manager told me an earthquake of 9.0 at 40 below is his worst-case scenario. The Alaska Partnership for Infrastructure Protection did, as you mentioned, Chairman, establish that Emergency Operations Center and the Rapid Alert System.

In New York and New Jersey, they put together maps of open and closed areas after Hurricane Sandy.

In Illinois, Chicago FIRST brought financial institutions together and partnered with the Emergency Operations Center. The same thing in Iowa and in Minnesota and the Pacific Northwest where there are five provinces and five States together on infrastructure resilience. And these are just a few examples.

My experience with the government side has been positive as well. The Office of Infrastructure Protection under Assistant Secretary Durkovich has been very open and collaborative, also holding briefings during Hurricane Sandy and the Boston Marathon bombing. And at FEMA, they have been perhaps the most embracing of the sense of community with active social media in the Private Sector Office.

FEMA also has the CERT model which we can use going forward, and I will just sum up with where we can do a couple of things here because there is a lot of work to do.

As we move forward, we can use the CERT model to provide the structure, the community in a kit, if you will, for social media, where they are already doing it with every disaster. Google Maps is providing us updated information, and also specifically with teams like Team Rubicon, which brings veterans who are struggling to get back into the community a sense of purpose at the same time helping those in disaster.

And so these two are very easy to do. They can be modeled on CERT. But together we need to focus on the community, and the resilience will come with it.

I thank you for your time today.

Senator BEGICH. Thank you very much.

Let me go to Michael.

TESTIMONY OF MICHAEL MERWARTH,¹ SENIOR VICE PRESIDENT, UNITED SERVICES AUTOMOBILE ASSOCIATION, ON BEHALF OF THE BUILDSTRONG COALITION

Mr. MERWARTH. Chairman Begich, Ranking Member Paul, thank you for holding this important hearing to examine the private sector's role in disaster relief and mitigation. And thank you for the opportunity to appear before you on behalf of USAA and the BuildStrong Coalition.

My name is Michael Merwarth, and I am the Senior Vice President and Chief Underwriter of USAA's Property and Casualty Insurance Company headquartered in San Antonio, Texas. USAA is a membership-based association, open to all who have honorably served in the U.S. military and their family members. We were founded in 1922 by a group of Army officers who decided to band together and insure one another after they were considered too risky by other insurance companies. And now, 90 years later, our mission has been and continues to be to facilitate the financial security of those members through a full range of financial products and services. Military service members and their families face unique challenges associated with their service to their country, and USAA recognizes these challenges, and we have tailored our products and services to meet those unique needs.

USAA is also proud to be a founding member of the BuildStrong Coalition, which is a group of national business and consumer organizations, insurance companies, firefighters, emergency managers, and building professionals dedicated to helping families, communities, and businesses mitigate and recover from the devastating effects of natural disasters.

At USAA, we are focused on living our commitment to serve our military membership by providing useful tools and advice to help our members protect their lives, their loved ones, and their property, both before and after disaster strikes. For example, we have developed an online tool that enables our members to research a specific property address and understand that address' exposure to various natural disasters. We provide our members with practical guidance on how to prevent or reduce the likelihood of loss at that specific location. So an active-duty soldier getting ready to change duty stations would be able to use this tool during the process of deciding where to live and where to relocate his or her family. This tool can help them make better decisions by providing information about the exposure that those properties may be faced with concerning wild fire and flooding, for example, and then tips that they could take advantage of, practical advice to actually mitigate against those risks.

USAA obviously is also there for our members after disaster strikes. This is when they need us most. Whenever possible, we stage our claims experts in nearby areas when a catastrophe event is imminent. Our state-of-the-art catastrophe response vehicles, which include satellite, Internet, mobile, and Wi-fi capabilities, enter impacted areas as soon as possible.

To communicate with members before and after events, we utilize both traditional and social media tools, including Facebook,

¹ The prepared statement of Mr. Merwarth appears in the Appendix on page 50.

Twitter, text messages, and e-mails. We centralize all the information in a comprehensive Disaster & Recovery Center, available online and through our USAA Mobile App. Members can also use this mobile app to connect with the American Red Cross, FEMA, or to find one of our onsite claims locations.

We recognize that our disaster mitigation and recovery efforts, and those of our BuildStrong partners, are more important now than ever. The insurance and emergency management community concluded long ago that strong building codes are the best first line of defense against natural disasters.

The National Institute of Building Sciences has found that for every \$1 spent to make buildings stronger, the American taxpayer saves \$4 in Federal disaster assistance.

The Louisiana State University Hurricane Center estimated that stronger building codes would have reduced wind damage from Hurricane Katrina by 80 percent. That is nearly \$8 billion. And Louisiana has since adopted model building codes.

Most recently, FEMA assessed the damage from the 2011 spring tornadoes in the Southeast and Midwest, and they identified model building codes as the top recommendation to improve public safety.

So with this in mind, the BuildStrong Coalition has identified the Safe Building Code Incentive as our legislative priority and strongly endorses the bill as a forward-thinking investment in a stronger and safer America.

Under the proposed law, States that adopt and enforce nationally recognized model building codes for residential and commercial structures would qualify for an additional 4 percent of funding available for post-disaster grants. This legislation will not require any additional appropriation to FEMA since it draws funds from the existing Disaster Relief Fund. Furthermore, the nature of the incentive does not mandate the adoption of statewide building codes on any States that wish to maintain their current system.

A 2012 Milliman study found that the Safe Building Code Incentive Act would have saved U.S. taxpayers \$11 billion in hurricane relief payments alone from 1988 to the present had it been in place during that time period. This Subcommittee can ignite this debate by moving forward with consideration of the Safe Building Code Incentive Act.

In closing, I want to thank the Subcommittee again for holding this important hearing. USAA and the BuildStrong Coalition are dedicated to improving the resiliency of American communities and helping businesses and families mitigate and recover from the devastating effects of natural disasters.

I look forward to your questions.

Senator BEGICH. Thank you very much. Daniel.

**TESTIMONY OF DANIEL STOECKER,¹ EXECUTIVE DIRECTOR,
NATIONAL VOLUNTEER ORGANIZATIONS ACTIVE IN DISASTER**

Mr. STOECKER. Thank you, Chairman Begich and Ranking Member Paul. My name is Dan Stoecker. I am the Executive Director of the National Voluntary Organizations Active in Disaster, also known as National VOAD, and in government-speak NVOAD. Thank you for this opportunity to appear before you.

In my written testimony, I have outlined a number of recommendations for legislative or administrative fixes that could serve to better facilitate private-public resource coordination to foster more resilient communities nationwide. I will use my oral comments here to briefly highlight a few innovative initiatives that demonstrate how the private sector, FEMA, and other Federal Government agencies can find more ways to work together.

For 43 years, the National VOAD coalition has served as a forum where Non-governmental organizations (NGO's) share knowledge and resources to help communities prepare, respond, and recover from disasters. Today National VOAD is a coalition of 109 organizations—54 of the country's most reputable national faith-based and community-based organizations, and 55 State and territory VOAD coalitions that represent many local VOADs and hundreds of additional local organizations throughout the country.

National VOAD and FEMA established a formal partnership in 2010 to work together throughout the disaster cycle to enhance cooperation, communication, coordination, and collaboration—what we call the “four C's”—between government and the private sector. We have just established a similar relationship with the U.S. Army Corps of Engineers (USACE) around the specific subject of mass care, which I will reference in a moment. And over the past year, National VOAD has also begun working with other Federal agencies to identify and implement public-private cooperative opportunities, including with Health and Human Services (HHS)' the Office of the Assistant Secretary for Preparedness and Response (ASPR), the Centers for Disease Control (CDC), Medical Reserve Corps (MRC), Substance Abuse and Mental Health Services Administration (SAMHSA), at the Department of Housing and Urban Development (HUD), with the Department of Agriculture (USDA), and also as Homeland Security U.S. Immigration and Customs Enforcement (USICE), and at the Department of Defense (DOD), the National Guard Bureau, and U.S. Northern Command.

I would like to mention that each of the distinguished members of this Committee should also be very proud of the VOAD organizations in your home States and the constituents that do wonderful volunteer work, both at home and on behalf of the whole country.

I will quickly share a few examples here of public-private partnerships that demonstrate promising opportunities going forward.

Chairman Begich, in the summer of 2009, several National VOAD member organizations were engaged in an expedited home rebuilding effort to assist residents recovering from a flooding and ice jam disaster along the Yukon and Kuskokwim Rivers. Did I say that right?

Senator BEGICH. Kuskokwim.

¹ The prepared statement of Mr. Stoecker appears in the Appendix on page 56.

Mr. STOECKER. Kuskokwim.

Senator BEGICH. Yes. I have seen those projects. They are fantastic.

Mr. STOECKER. Well, this disaster-affected area was remote, presented challenges to getting rebuilding materials and labor in the areas, and also there was the concern about the timing. There was only a 3-month window before the winter hit, and there was a concern about long-term displacement of residents. Alaska Emergency Management and FEMA partnered with VOAD organizations to perform repair and rebuilding services, a departure from the more typical practices of identifying contractors, going through a contractor process with for-profit companies, and getting building firms in. The collaboration saved State and Federal resources and helped families recover more quickly.

And, Ranking Member Paul, the VOAD agencies leapt into action in response to the tornadoes that swept the Commonwealth of Kentucky this past year. VOAD organizations' volunteers came from everywhere to remove debris, repair and rebuild homes, and even worked to retrofit a warehouse so that the elementary school in West Liberty could reopen earlier. That work was performed in coordination with local government authorities, and it has yet to demonstrate how nonprofit organizations can be used to identify and help meet the local needs of communities that are disasters in their region. Yes, sir?

Senator PAUL. If I can interrupt you for a second, I went to that elementary school. I think they did it in 4 days. They changed a warehouse into a school in 4 days, and just volunteers and probably some government, but just amazing turnaround by the local community with help.

Mr. STOECKER. Yes, sir.

There are just two other quick examples I would like to offer. The Army Corps of Engineers partnership began at the FEMA National Response Coordination Center, which is like the EOC for Federal EOC, where all the interagency coordination is executed, but FEMA also has invited National VOAD and other private sector partners to have representation there. As a result of coordinated problem-solving opportunities that emerged at that center, we were able to develop a temporary roofing mission pilot program with FEMA, the Corps of Engineers, and some of our National VOAD members, including Southern Baptist Disaster Relief and Louisiana VOAD, to deploy a special Blue Roof Program that allowed us to do things at much less expense because FEMA did not have to use contractors. Volunteer labor was used to deploy the projects and to do the work, and labor time was used to offset the cost share that States have to have. So there were zero costs for Louisiana. We are looking at finding more innovative ways to work with FEMA and other agencies to do similar projects.

And, finally, if I may be allowed to just quickly mention that there is a National Mass Care Strategy also that has been implemented. A National Mass Care Council was established by an agreement between FEMA and Red Cross, and that led to a council that was set up that—from a whole community council that created this strategy. A number of goals have been identified for where that could be going to be implemented. We are working with the

National Emergency Managers Association (NEMA) now, and, Senator Begich, your Director of homeland security is now the President of NEMA, and we are working closely with him to help with strategies for implementation of the Mass Care Program with local communities.

So, going forward, we would like to be expanding that sort of work, looking for opportunities throughout the government so that they will be—we are encouraged anytime anybody wants to speak with us about doing something more innovatively and creatively. We appreciate that.

Thank you for your time here.

Senator BEGICH. Thank you very much, and I appreciate the panel and your commentary.

I do have a first question, if I can, Michael, from USAA. I have been to your corporate headquarters and talked to many of your folks, and it is impressive. Also, we carry your insurance. We are——

Mr. MERWARTH. Thank you for your membership, sir.

Senator BEGICH. We are happy to.

You heard the last panel a little bit, and one of the questions that came up was—I mentioned it, but now I want to take it to the next step, and that is, on insurance companies and the work you do to try to figure out—you mentioned one example of trying to help people understand if you are going to move somewhere here are some of the things you need to be aware of.

Do you have within the insurance industry broader or your company specifically, do you have incentives or some sort of way to say, if you are in this zone, here is what it costs; if you are in this zone you get—I do not want to say “a break,” but you get a different rate structure? Or if you are in this zone that has maybe high winds or flood potential or whatever these other things are, if you do these five things, this will make an impact to your insurance rate? Is that a standard? It depends how you answer this. If so, then I would like you to expand on the broader industry.

Mr. MERWARTH. That is a great question, Mr. Chairman. I would be happy to elaborate.

Senator BEGICH. OK.

Mr. MERWARTH. I can tell you firsthand at USAA that we are nothing but excited when we see our members deciding that they want to move into more resilient and stronger homes, because——

Senator BEGICH. Excited meaning it is better rates?

Mr. MERWARTH [continuing]. Exactly we can offer more affordable rates for all of our members.

Senator BEGICH. Good. That is exciting from an insurance company.

Mr. MERWARTH. We get excited. Exactly. That is our mission, to be able to provide those products at affordable price levels for our members. And so to the extent that our rating can match up to the resiliency of the home, that is a good thing, and we are constantly looking for ways to offer discounts, either for more resilient roofs, for anything that happens in the structure. We go State by State and figure out what makes sense over time on really a never-ending journey, I would characterize it, to really refine that pricing so that our rates reflect that better risk that those members are bene-

fitting from when they make those kinds of decisions about their homes.

Senator BEGICH. Very good. The reason I ask, I know when I was mayor, we did a lot of work with the fire-rating agency.

Mr. MERWARTH. Sure.

Senator BEGICH. And the goal was locations of our——

Mr. MERWARTH. Right.

Senator BEGICH [continuing]. Stations and response time, and we increased that dramatically, and the net result was——

Mr. MERWARTH. That is a great example. That passes right back to the consumer——

Senator BEGICH. Right across, so it is the same kind of theory that you have——

Mr. MERWARTH. Yes, sir.

Senator BEGICH [continuing]. In what you do.

Mr. MERWARTH. Yes, sir.

Senator BEGICH. Let me ask, if I can, to Daniel, you have a list, and I appreciate it, of recommendations. And, Michael, I want to keep one thought in mind to start thinking about a little bit here, and that is on the piece of legislation. I am going to ask you a couple questions on that.

But, Daniel, you have a list of recommendations in your written testimony, which I appreciate, things that could be addressed legislatively and/or regulatory. If you could pick one or two of those that you could say, if we could just have this done, it would make your work easier. I mean, an example in Fort Yukon, and up the Yukon River and up the Kuskokwim, I will tell you, the facilities we saw, were built fast in conditions that could dramatically change. In other words, people living in the winter, where you cannot fly in a portable home. You have to deal with what you got there. And actually they use some products from within the region, too, which is very interesting in itself.

But are there things that we could do on that list that you would say here are the one or two, just if we could do that, it would really help get your organization working more smoothly with FEMA and other Federal agencies?

Mr. STOECKER. Yes, sir. I think some things might relate to the Stafford Act, too.

Senator BEGICH. OK.

Mr. STOECKER. But I think to give FEMA and other agencies a little bit more flexibility in working with the private sector, there are some particular examples there that allow for that sector to be able to be directly engaged by FEMA. There could be opportunities for—you have volunteer resources, but they have to be deployed. So even if FEMA was allowed to bring—use invitational travel to get a lot of these people up there and be able to engage them or provide volunteer housing as well, the costs are far, far less.

Senator BEGICH. So if I want to offer housing right now for the volunteers that are coming up, FEMA does not have a mechanism to pay for it, let alone accept it. They could have some nonprofit do it all and kind of do it off the books but not really in a process of creating an engagement on volunteer housing. Is that right?

Mr. STOECKER. Yes, sir.

Senator BEGICH. And if that happened, you need a room. If I know volunteers, it is like boarding houses in a lot of ways. A lot into a room. But right now FEMA does not have that authority to pay for part of that housing.

Mr. STOECKER. That is correct. They do not have that authority, and that is not only in response. There is also—of course, people forget there is recovery.

Senator BEGICH. Right.

Mr. STOECKER. And there is a lot of work that goes on after the immediate response needs are met, and that is where there is often the need to people for them to recover to get back in their homes if their homes were damaged. That is involving rebuilding, and that is people that need to be brought up to do that.

Senator BEGICH. Have you ever done a cost analysis of if this type of housing—if FEMA could pay for some of that housing, here is how many volunteer hours and value that could produce? Is there such an ability to prepare something like that? I mean, pick any disaster you dealt with recently. Is there such a thing?

Mr. STOECKER. That is interesting you say that. That does not exist today, and that is something that the collaborative is looking at with private sector partners and doing that.

Senator BEGICH. OK.

Mr. STOECKER. In many ways the collaborative just came together in the last few years to be coordinating in this way and to be engaging government. That is why many partnerships did not even evolve until the last few years. And so the idea of how to assess that, how to identify costs in different areas, you all might be able to help with that, too.

Senator BEGICH. I was going to say, you are sitting next to people that all they do is—

Mr. STOECKER. That is right.

Senator BEGICH [continuing]. Numbers every day, because I think that helps the argument of if we want to modify—the logic of it is—I mean, the way you described it. I have seen it. And as you heard, Senator Paul has seen it, clearly, how volunteers can make a difference. When you can convert a warehouse into a school in 4 days, there is no question you have saved some money. I do not care what anyone says. Now, it may not be the greatest educational setting, but at the same time now your schools are operating, kids are getting educated.

So I would love it, as you progress on that, if you do, if you could keep this Committee informed if there is that data that we could utilize in making arguments of why we could focus on this kind of change.

Mr. STOECKER. Yes, sir. We will make it a priority of putting that together now.

Senator BEGICH. That would be great.

Chris, let me ask you—you heard me ask the questions of FEMA on the Private Sector Office, so I am anxious to kind of hear how you work, or do not, with the Private Sector Division within the Department of Health and Human Services and within FEMA. Can you help me understand that a little bit, if you have that kind of relationship, or how you use it?

Mr. TERZICH. Certainly, Chairman Begich. So FEMA's Private Sector Office has traditionally worked with a lot of the folks who end up doing the response supply, so that is where they have the good relationship with Target, Walmart, Home Depot, and folks like that.

With the Office of Infrastructure Protection (IP), we tend to work in the sector model, but I have to tell you, over the last couple of years, so there are a lot of different players, but over the last couple of years, the engagement has been there, the openness has been there. We are well on our way to kind of connecting the dots. We are not there yet. We still need to do more in that area. But I think that each—the Private Sector Office in FEMA serves a different purpose from the Private Sector Office within infrastructure protection issues.

Senator BEGICH. I'll ask you the same kind of question I just asked Daniel. Are there things we could be doing, to help regulatory or legislatively—because I am a believer. I saw it when I was mayor, that the private sector is willing to participate. They just need to know the avenue. And they do not want to have a lot of avenues. They just want to know what the avenue is. And they will come to the table if given the task and chore, especially in a disaster. Do you think there are some things we could be doing better in encouragement and/or legislatively or regulatory with the Federal Government to make sure that continued private sector engagement occurs at a much higher level?

Mr. TERZICH. Certainly. From the standpoint of regional partnerships, I think—and this is why I raised the issue of CERT. I think what the Federal Government can do, where we have trouble in our partnerships, is to give us a structure and a formality so that if any community wants to build a CERT team, they do it. Mayor Bloomberg, said to the CERT members after Hurricane Sandy that they were the most direct connection to the people in the community. But that structure of CERT comes from—created by FEMA, and I think it is housed in the Citizen Corps. But it was provided by the government.

So this kind of—there are very few things where the government can provide a great model and then let us build—

Senator BEGICH. So build the structure to get some frame around it.

Mr. TERZICH. Absolutely.

Senator BEGICH. Then give some guidance to the local communities.

Mr. TERZICH. Yes, sir. In the areas—social media is where I see this most significantly. The response is incredible, and I think most of us go to social media before any formal channels to understand what is going on in the early days of a disaster. And Google Maps showed the open and closed gas stations.

Senator BEGICH. Do you think FEMA utilizes social media at a level that is—and I am saying this carefully—accessible to the general public? And the reason I say that is, again, as a former mayor, I know sometimes we like to create things that are much more complicated than they need to be. And so what happens is the poor person that is trying to weave their way—I call it the three clicks to the end product. It takes that at zero, and it takes you 20 or

30 clicks and you are now done. Do you think we are doing enough there? And do you think FEMA is engaged in enough of the private sector to make sure we are doing the right kind of social media connections in a disaster?

Mr. TERZICH. I would have to say that I think FEMA is probably doing better than a lot of the partnerships or businesses in this area. But that is to say, they are the fastest of the slow group, right?

Senator BEGICH. Right.

Mr. TERZICH. Because social media is so much faster.

Senator BEGICH. It is faster than anybody.

Mr. TERZICH. My 13-year-old daughter is faster than most businesses.

Senator BEGICH. No question about it.

Mr. TERZICH. So I think they are doing a great job. I think, the YouTube videos—Administrator Fugate has a straight approach. He puts information out there in the midst of a disaster. They hold calls. IdeaScale that they use to collect information. I think they are doing well. We all need to do better.

Senator BEGICH. Let me do one more for you. Then I want to go to the piece of legislation you mentioned, Michael. But, first, how does the Regional Consortium Coordinating Council, how do you think their membership represents a pretty diverse group of protection stakeholders, in other words, people who understand this issue? Or do you see any gaps that need to be filled?

Mr. TERZICH. The answer to both questions, Chairman Begich, is both—is yes. The groups are diverse. They are not organized for the same purpose. They are not organized in the same way. They do not have the same stakeholders other than regional resilience. But there are so many more efforts out there. As I am listening to all the volunteer groups, some of them would fit in what we would call critical infrastructure protection.

So I think we are just starting this effort, but our approach is to first not duplicate something somebody else is doing.

Senator BEGICH. Good.

Mr. TERZICH. And to connect the different modes, if you will, of all these regional groups.

Senator BEGICH. Thank you. I said that was the last question for you, but I have one more. Are you hearing any resistance from any of the Federal, State, or local folks, even the private sector, in regards because of the financial conditions? And I say mostly the government—and we have seen a lot of reductions in local government. Obviously the Federal Government has its own issues, and some States have some issues. Are there people saying I want to participate but cannot?

Mr. TERZICH. I do not think resources are the problem. I think, like you experienced in the role as mayor, I think many governments are doing that, State, local, municipal, bringing the private sector in. Early on it was tough. We would have—both sides would say, yes, we want to do this, but we did not know how.

I think we could still do some more, put some more structure on it to make it easier. The National Incident Management System does account for the private sector, so that is a start. But it does

not look the same. So I think that everybody is willing. I do not think anybody is resisting.

Senator BEGICH. Very good.

Michael, you mentioned the Safe Building Code Incentive Act.

Mr. MERWARTH. Yes.

Senator BEGICH. Did I get that right?

Mr. MERWARTH. Correct.

Senator BEGICH. Again, as a former mayor, I had to deal with building code revisions more than I probably wanted to, because they usually come about this thick, and you spend a lot of months with people. Can you tell me on the legislation how groups like Building Owners and Managers Association (BOMA), or home builders or how these folks respond to it? I know generally they do not like anything new, regulation, but do you have a sense on how they are responding or engaging with this idea?

Mr. MERWARTH. That is a good question, and we acknowledge that there are a lot of new requirements that are being put upon builders and people in the building community.

Senator BEGICH. Right.

Mr. MERWARTH. One of the things we like to talk about when that issue comes up, though, is the relative affordability of what we are talking about here. The cost to the individual consumer is somewhere in the neighborhood of about \$1,500 to \$2,000 on average to do relatively—

Senator BEGICH. On a new home?

Mr. MERWARTH. On a new home, yes.

Senator BEGICH. Very good.

Mr. MERWARTH. Construction on a new home, which is really what the act is focused on going forward, building codes for new construction. Simple things like using ring-shanked nails or sealing the roof decking. Low cost changes that have a major impact in terms of resiliency going forward. So trying to stay focused on that short-term investment up front that reaps significant dividends over the long run.

Senator BEGICH. At this point, just tell me—do you know where that legislation is right now?

Mr. MERWARTH. No, sir.

Senator BEGICH. OK. That is fine. We will do some followup.

Mr. MERWARTH. OK.

Senator BEGICH. This is one area I am very familiar with. I have been in real estate, I have been a mayor. I have had to deal with kind of both ends of the equation.

Mr. MERWARTH. Sure.

Senator BEGICH. But I know we did some improvements, especially around earthquake preparedness.

Mr. MERWARTH. Right.

Senator BEGICH. And, some would disagree with some of the codes we had to do. We had to do some things regarding wind conditions, because when we get 100-mile-an-hour winds—which is not uncommon in some of our areas—

Mr. MERWARTH. Right.

Senator BEGICH [continuing]. Making sure that roof does not go flying off would make a big difference.

Mr. MERWARTH. Absolutely.

Senator BEGICH. Even though you look at it, there is a lot of metal, somebody added it inside on a wood construction facility, I used to hear from builders that, they seemed to be building more with metal than wood, and I would say, "Well, you got to keep that roof on, and that is how it works." Because I remember the days when I did have a roof go flying off on one of my commercial buildings, it peeled back, the insurance company paid a lot of money. And there were better things in the design that could have been done.

Mr. MERWARTH. Absolutely.

Senator BEGICH. And now we are doing it. So that is kind of the stuff you are talking about.

Mr. MERWARTH. Yes, sir.

Senator BEGICH. That is kind of the long-term value that may not be seen right away, but one disaster—or in the case of high winds, that is not necessarily a disaster. It is just a prolonged situation, which, for your own home, could be a single disaster, but not a community disaster.

Mr. MERWARTH. That is correct, sir. From the insurance perspective, we are really focused one member at a time at USAA.

Senator BEGICH. Right.

Mr. MERWARTH. And so if your roof blows off, that is a big deal. So anything that we can do to advocate for stronger roofs, stronger building codes, those are good things for our members as well.

Senator BEGICH. Very good.

Let me end there, and I first want to say—and I will probably submit a few additional questions, but I first want to say thank you all very much. It is interesting to hear some of the discussions, especially about the volunteer capacity. I am just always amazed when called upon what can happen and how the private sector involves, and then again from the insurance company viewpoint of mitigation. You do not want to be there on the back end because that means usually life, property, and who knows what else. And if you can prevent that, that is a good thing from the community perspective, but also from a company perspective.

Mr. MERWARTH. That is right.

Senator BEGICH. And that is a good deal all around.

Mr. MERWARTH. Yes, sir.

Senator BEGICH. I guess I want to ask one more question before I close. Do you folks within your analysis and risk analysis, are you now doing anything from an insurance-wide perspective? I do not want to get you into the debate of climate change, but that is a reality that there is something happening. We can argue the science, but I do not want to argue that. I want to say, do you from an insurance perspective see an increase or have you seen an increase in real, not kind of made-up claims but, I mean, real stuff that is weather-related that is changing?

Mr. MERWARTH. That is a great question, Mr. Chairman. And, absolutely, there is no question, the frequency and the severity of these catastrophic-level events has really been on the rise over the past decade. We are not getting too hung up on why is it happening so much as—

Senator BEGICH. Right, but you are seeing—

Mr. MERWARTH [continuing]. Acknowledging that it is happening and making sure that we are positioned well as an insurance company to be able to take care of our members in that changing environment.

Senator BEGICH. Is it fair to say—and I do not want to put words in your mouth, but what your risk analysis have done of what you do today versus, say, 15 years ago around this issue of how there is something happening with regards to weather patterns and so forth, is that a piece of the equation more so than it was 10 or 15 years ago? Does that question make sense? In other words, in your risk analysis of future claims and what you have to put in reserve and all the things that you have to do to prepare, this ever-changing weather patterns, is that now becoming a more apparent piece within the risk analysis—

Mr. MERWARTH. I understand your question, Mr. Chairman, and I cannot speak for the entire industry.

Senator BEGICH. Sure.

Mr. MERWARTH. Every company is going to think about this a little bit differently. But at USAA, being a financially strong company, it has always been top of mind that we are ensuring that we are holding enough capital for pretty severe weather events. That has been in our calculus for some time. What we are seeing, though, is that those events are becoming more and more common, which makes the imperative to focus on what we can do to actually shore up and protect our members as these things start to make landfall, something that is so important for us and for the BuildStrong Coalition as well.

Senator BEGICH. Very good. And as a member, I mean, the goal is, when those rates go up, the members—we are the ones insuring.

Mr. MERWARTH. Right. That is right.

Senator BEGICH. It is a mutual relationship in a lot of ways.

Mr. MERWARTH. Yes, sir.

Senator BEGICH. Well, I appreciate again this very good information, very good discussion, and I thank you for being part of this hearing today, and I appreciate your willingness to step forward. And, again, we will have some additional questions. We will probably keep the record open for 15 days, and so if other Members who are not here today submit, be prepared there might be some additional questions.

At this time we will adjourn the meeting, and thank you all for being here.

[Whereupon, at 4:07 p.m., the Subcommittee was adjourned.]

A P P E N D I X

Testimony of
Elizabeth Zimmerman
Deputy Associate Administrator for the Office of Response and Recovery
Federal Emergency Management Agency
before
The Senate Homeland Security and Governmental Affairs Committee
Subcommittee on Emergency Management, Intergovernmental Relations and the District of
Columbia

May 8, 2013

Introduction

Good afternoon, Chairman Begich, Ranking Member Paul and other distinguished Members of the Subcommittee. I'm Elizabeth Zimmerman, the Deputy Associate Administrator for the Office of Response and Recovery at the Federal Emergency Management Agency (FEMA) and I am grateful for the opportunity to speak here today.

I look forward to discussing the groundbreaking work that our team at FEMA is doing to increase public-private cooperation in the sphere of emergency management.

FEMA Administrator Fugate recently told a gathering of U.S. private sector leaders: "There's no way government can solve the challenges of a disaster with a government-centric approach. It takes the whole team." This philosophy is central to how our leadership team has approached our mission since we took office over four years ago. We believe that the Agency is better able to serve our neighbors, fellow citizens, and our nation's disaster survivors in particular, when public sector and private sector representatives are both active members of the same team. FEMA places a premium on the value of public-private partnerships, and works steadily to provide tools, models, and resources designed to inspire their creation and nurture their success.

Throughout this testimony, I will highlight our collaborative endeavors with the private sector and how these efforts were put to good use on behalf of the American people during the team's response and recovery operations for Hurricane Sandy and other disasters.

Private Sector Outreach and Steady State Coordination

As part of the Office of External Affairs, the Private Sector Division conducts outreach to a wide range of non-government partners, including small, medium and large business; academia, trade associations and other organizations. Throughout the year, our headquarters and regional staff conduct a variety of outreach activities to interact with the private sector about its role in emergency management, provide information on tools and resources to support preparedness, and integrate the private sector into the emergency management team. The Division team includes six full time positions at FEMA headquarters, ten regional liaisons and a disaster workforce cadre of approximately 40 reservists.

During steady state, non-disaster operations, the Division focuses its efforts on ways to engage various segments of the private sector in activities ranging from seasonal public affairs campaigns to opportunities for providing feedback on national policies to participation in joint exercises. Over the past five years, the Division has led a number of initiatives to foster greater private-public partnership.

For instance, the Private Sector Web Portal provides one-stop shopping for the private sector on tools, resources, initiatives, and other content relevant to their interests. FEMA also established a Private Sector Representative (PSR) position in 2010 in order to communicate, coordinate, and collaborate between public and private sector stakeholders before, during, and after disasters. When the National Response Coordination Center (NRCC) is activated, these special government employees serve as critical liaisons between FEMA and private industry through the National Business Emergency Operation Center (NBEOC) by leveraging private sector coordination and collaboration capabilities and sharing situational awareness information. When not activated for disaster response, representatives work as part of FEMA's Private Sector Division to seek and share information with the private sector on planning, training, and exercising activities.

The PSR position has been filled by eight companies, including Target, Big Lots, Brookfield Properties, Systems Planning Corporation (a small business), Verizon, Citi, Wal-Mart and Dominion. The Division expects to welcome the first academic representative in summer 2013. To date, PSRs have been integrated solely in the Private Sector Division; and, going forward, PSRs will be assigned to FEMA programs offices where their skills and background can be best leveraged. The role of the PSR is to provide FEMA leadership with guidance on how private sector resources and capabilities can best be leveraged to help communities respond and recover from disasters. PSRs, who are special government employees, are not expected to speak on behalf of industries outside of their realm of expertise.

On the preparedness front, the Agency has developed six tabletop exercises available on the FEMA website, complete with video injects and facilitator notes. These exercises can be used by the private sector as a preparedness activity at the community, organization, or partnership

level. FEMA also created the QuakeSmart program to help local businesses mitigate earthquake losses and get back up and running as quickly as possible after a disaster. A cornerstone of the program is FEMA's recognition that partnerships are key to raising awareness and to making sure that businesses take action to become "QuakeSmart." In support of its mission, "QuakeSmart" develops materials, delivers training, and increases its partnerships with internal and external stakeholders. Activities include successful dialogues between FEMA and local chambers of commerce and businesses in the New Madrid Seismic Zone over the past year in Memphis and recently in St. Louis – areas of focus during the 200th anniversary of the New Madrid earthquakes.

Although online resources are valuable for their broad accessibility, face-to-face opportunities are an effective way to fully engage our partners and encourage a productive exchange of ideas. FEMA held its first national conference on "Building Resilience through Public Private Partnerships" in August 2011. Combined, in-person and virtual participation reached close to 1,000 people nationwide. The conference was developed in collaboration with the Department of Homeland Security (DHS) and United States Northern Command (USNORTHCOM) and was co-hosted by the U.S. Chamber of Commerce and the American Red Cross.

In addition to direct private sector engagement, FEMA also coordinates with a broad array of other government agencies and offices whose interests or capabilities have a direct impact on the success of private sector engagement. Our team works closely with our partners throughout DHS, including the Office of Infrastructure Protection, the Office of Academic Engagement, the Private Sector Office and the Office of Intelligence and Analysis.

Importantly, the DHS Office of Infrastructure Protection Strategic Outreach and Partnerships Division helps extend FEMA's reach through coordination with the 16 critical infrastructure and key resources (CIKR) sector-specific agencies and government coordinating councils. Division staff participates directly in several CIKR Government Coordinating Councils: Critical Manufacturing, Chemical, Commercial Facilities, Banking and Finance. The Division also has direct relationships with the sector leads from the Departments of Treasury, Health and Human Services, Agriculture, Transportation and Energy as well as the Food and Drug Administration. Additionally, the Division has coordinated with the Office of the Director of National Intelligence, Internal Revenue Service, the Small Business Administration, the Department of Commerce, and the White House Office of Strategic Engagement (National Security Staff).

Overall, these efforts aim to leverage public-private partnerships to enhance situational awareness; expand reach and access for disaster preparedness and relief communications; increase the effectiveness of emergency management efforts; maintain strong relationships, build on mutual understanding; create more resilient communities and increase jurisdictional capacity to prevent, protect against, respond to, and recover from major incidents.

National Business Emergency Operations Center

In the aftermath of a major disaster, getting the local economy back up and running again requires close coordination across government and the private sector. The NBEOC was established in July 2012 as part of Emergency Support Function 15 (ESF-15/External Affairs) to provide an information sharing and collaboration platform for national partners during major disasters. The NBEOC is a virtual network of national corporations, infrastructure (through DHS), federal, state, local, tribal, and territorial government, and trade associations that have disaster roles. Under the National Response Framework, there are two seats dedicated to the NBEOC within the NRCC which are typically staffed by a member of the Private Sector Division and the current Private Sector Representative.

A key goal of the NBEOC is to promote business getting back to business, which means that information and interactions will focus on this objective.

Our team at FEMA is keenly aware that an established capability in every community already exists through which the private sector provides daily transportation, food, shelter, and communications services. Ideally, that existing structure should be back up and running as quickly as possible after an incident. Achieving a rapid return to normalcy may require government assistance clearing roadblocks, sharing information, connecting the dots at federal, state, tribal, territorial and local levels, as well as other solutions. It also means ensuring that the government is moving resources where and when they are needed, in collaboration – not competition – with the private sector.

The NBEOC has been activated twice, most recently for Hurricane Sandy, which was the largest activation for the Private Sector Division since it was established in 2007. The NBEOC was activated as part of the National Response Coordination Center (NRCC) for almost three weeks--beginning pre-landfall--to assist impacted private sector organizations. In addition, 30 private sector liaisons were deployed to New York, New Jersey and Connecticut to support ESF-15 at a more local level.

From both the private sector and federal perspectives, the need for public-private coordination was so pressing that NBEOC membership almost doubled, rising to almost 350 before the storm made landfall. The team sent twice-daily situational updates to NBEOC members, responded to more than 125 requests for information, and helped resolve a range of private sector issues. Simultaneously, the NBEOC was able to provide critical private sector information on operating status, obstacles, and issues to inform decision-making in the NRCC and the Regional Response Coordination Centers (RRCCs). For example, retail open/closed status was a critical component in daily commodities planning in the NRCC and the Regions.

Along with a constant stream of requests from federal operational partners, the NBEOC desk also fielded at least 125 private sector inquiries during the initial response, ranging from credentialing and transportation requests to lodging offers. For example, the NBEOC desk

helped connect private sector partners with the Department of Transportation for transportation waiver requests, so they could deliver critical supplies and generators to impacted areas. The NBEOC also worked with a *Fortune* 500 big box store to fulfill a request for information on shelter locations, so their stores could maintain adequate stock levels.

As the immediate response and recovery operations for Hurricane Sandy ramped down, FEMA leadership acted quickly to capture lessons learned from the NBEOC's operational output during the storm. On April 23, 2013, NBEOC members met with senior Agency personnel with the goal of securing greater mutual understanding of capabilities, needs, and opportunities among FEMA's operational leadership and the NBEOC members. I welcome the opportunity to share the results of our analysis with the Subcommittee in the near future.

Public-Private Partnership in Action

The Administration's efforts to bring to bear the full resources of our partners during the response and recovery phases of disaster operations has paid substantial dividends in helping to make communities whole again.

The spring of 2011 brought a series of devastating tornados to the southeast, starting with an outbreak in Alabama. Working hand in hand with the private sector and the state of Alabama, support streamed rapidly into the impact zone. FEMA deployed private sector specialists with the disaster response team. These reservists coordinated with the Alabama Department of Insurance, Alabama Insurance Information Service and Joint Field Office leadership to bring major insurance companies to the table on a recurring basis to discuss how they could work together to better assist survivors/policyholders. In addition, FEMA worked with the Alabama Emergency Management Agency, the Alabama Department of Economic and Community Affairs and the Housing Task Force to plan at least five "Recovery Expos," scheduled in the Phil Campbell/Hackleburg, Tuscaloosa, Cordova, Pratt City and Rainsville areas. These expos played an important role in providing local businesses an opportunity to sell their goods and services thereby helping to stimulate the local economy in the aftermath of the tornados. Finally, our private sector team worked with Alabama Gas to provide FEMA disaster assistance information on billing statements to 400,000 people.

As I previously stated, the team's response and recovery efforts during Hurricane Sandy provided a new opportunity to operationalize the partnership with our private sector colleagues on a broad scale. By leveraging their existing networks and capabilities, a number of private sector companies were able to channel critical information and resources to impacted communities in need. For example, a national lodging association reached out to its membership to promote the Transitional Shelter Assistance program, helping to increase available housing resources for disaster survivors and emergency personnel in New York and New Jersey. A major internet search engine's crisis action team worked with FEMA and private sector partners to map out gas stations, retail locations and power outages for public use. A nationally known

telecommunications company brought its mobile communications trailer to provide online access for survivors to register for assistance in Rockaway and Long Beach, New York. Finally, an organization representing pharmacies provided daily updates to the general public on open and closed pharmacies in New York and New Jersey.

Conclusion

FEMA, under the leadership of Administrator Fugate, has made great strides in embracing our private sector colleagues as full-fledged members of our emergency management team that includes federal, state, territorial, local and tribal partners. The Agency continues to learn from our partners who are handling emergencies on a daily basis. They offer the most relevant lessons and good practices. We build on what works in the field, and help amplify the reach of the most promising efforts by sharing them nationally.

As a leadership team, we recognize that there are areas where we can improve. Two key challenges include fundamental differences between the way the federal government and the private sector operate and the lack of consistent connections at the state government level for private sector engagement. The latter is critical since much of the collaboration between the public and private sectors must happen at the state level, due to the nature of emergency management. At present, only half of all U.S. states have any type of private sector engagement effort for emergency management issues, and those efforts range widely in format, focus, level of effort, and sustainability.

I believe these challenges present ample opportunity for us to continue to work with the members of this Subcommittee and your colleagues in the House and Senate, to further enhance the cooperative frameworks through which we collaborate with our private sector partners.

Thank you Chairman Begich for providing me this opportunity to appear before you today. I look forward to answering questions you or other members of the Subcommittee may have.



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

TESTIMONY OF

MICHAEL CHODOS
ASSOCIATE ADMINISTRATOR FOR THE OFFICE OF ENTREPRENEURIAL DEVELOPMENT
U.S. SMALL BUSINESS ADMINISTRATION

BEFORE THE

SUBCOMMITTEE ON EMERGENCY MANAGEMENT, INTERGOVERNMENTAL RELATIONS, AND THE DISTRICT
OF COLUMBIA

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENT AFFAIRS

MAY 8, 2013

Thank you for the opportunity to testify today regarding the Small Business Administration's role in helping communities recover and rebuild after major disasters, as well as the importance of collaboration between the public and private sectors in disaster response and long-term recovery.

As you know, SBA is responsible for providing affordable, timely, and accessible financial assistance in the form of low-interest loans to businesses of all sizes, homeowners, renters, and non-profit organizations in the aftermath of a disaster. These include Economic Injury Disaster Loans for small businesses and non-profits to help them meet financial obligations and operating expenses that could have been met if the disaster had not occurred.

When a major disaster strikes, SBA is on the ground across the affected region, providing individuals and businesses with information, support, and access to disaster recovery loans. We are there from day one and will stay deeply involved as communities rebuild. After a major disaster, it is well known that SBA provides disaster loans; however, these loans are only one small part of the

agency-wide approach that we offer to affected communities. For example, because of the series of major disasters we have seen in recent years, and the expectation of future extreme weather and other impacts of climate change, SBA has put a strong emphasis on preparedness. We have partnered with a private company, Agility Recovery, to host a series of monthly disaster preparedness webinars for businesses. Each month, these free interactive events feature subject-matter experts presenting tips for business owners to help them develop their own business continuity strategies. Topics have included "Utilizing Social Media During a Crisis," "Winter Weather Preparedness," "Crisis Communication Planning," and "Protecting Your Organization by Preparing Your Employees." SBA's Office of Entrepreneurial Development and our vast network of business counselors and economic development partners also play an essential role in immediate disaster response, in addition to helping the region's small businesses restart, rebuild, and thrive again.

SBA's Entrepreneurial Development programs and partners are deeply embedded in local and regional economic development ecosystems across America. We support over 1 million clients annually as they start and grow their small businesses. We have more than 14,000 business counselors, mentors, and trainers available through over 1,000 Small Business Development Centers, 106 Women's Business Centers, and over 350 SCORE chapters. Our partners are deeply embedded in their local communities, and in addition to their federal funding, receive funding from state and local governments, educational institutions, charitable foundations, and corporate and other private sector partners. This vast resource partner network, in addition to SBA's 68 District Offices, is what makes us uniquely situated to aid survivors in the aftermath of a disaster.

Immediately after a disaster occurs, our Resource Partners help staff Disaster Recovery Centers, provide intake space for Business Recovery Centers in their own service center locations, and set up informational events in communities across the area.

In this early period, our Resource Partners help business owners map out the recovery process, collect information, and apply for disaster loans. They connect business owners with other local, state, and federal resources, ranging from help accessing local governmental and utility programs to connections with the IRS to obtain copies of critical tax documents. Our resource partners also help businesses take the first concrete steps to obtain the capital, resources, and mentoring that they need to get back up and running.

Over the long term, our Resource Partners help existing businesses review and re-shape their business plans, vendor and customer relationships, marketing and customer-acquisition plans, and financing arrangements. We know that some small businesses hardest hit by a disaster will unfortunately never return; therefore, our partners help new businesses get access to all the tools that they need to plan for successful growth and make their communities vibrant again.

With regard to our response to Sandy, the Sandy Supplemental enacted by Congress provided \$20 million for small business technical assistance for the areas impacted by the storm. After sequestration cuts, SBA is using a two-phase approach to deploy \$19 million that allows us to jumpstart the recovery process and invest in rebuilding the region's small business community.

The first phase, which we have already deployed, focused \$5.8 million on immediate and intensive business counseling and training to support recovery as businesses are getting back up to speed. This is a six-month initiative to meet immediate, short-term needs for supporting business

recovery. The funds have been distributed to our Resource Partners for immediate, intensive small business counseling and training services in the Sandy-affected counties. We'll be tracking activities and outcomes to make sure these funds are effectively spent to get businesses back on their feet.

Phase Two of our Sandy response is a two-year initiative using \$13.2 million to build longer-term, community-based small business recovery and resiliency in Sandy-affected counties. The Program Announcement for this Phase was published on April 19th and we expect to receive proposals from the affected areas by June 5th. In their grant proposals, applicants must provide detailed plans for coordination and collaboration by our SBA Resource Partners with both each other and with state and local economic development efforts. These plans will avoid duplication of effort and will ensure an integrated response to community economic recovery efforts by all the players working to support small businesses as they restart, rebuild and recover over the long term. These collaborative partner groups will each bring unique contributions to deliver positive results for small businesses

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small businesses as they restart, rebuild and recover over the long term. These collaborative partner groups will each bring unique contributions to deliver positive results for small businesses.

We thank you for your support and I look forward to answering any questions.

**Written Statement
of
Christopher Terzich
Regional Consortium Coordinating Council Chair
Before
U.S. Senate Subcommittee on Emergency
Management, Intergovernmental Relations, and the
District of Columbia
May 8, 2013
“Role of Private Sector in Preparedness and
Emergency Response”**

Good afternoon Chairman Begich, Ranking Member Paul, and distinguished members of the Subcommittee. My name is Chris Terzich, and I am the chair of the Regional Consortium Coordinating Council, a partnership whose members are regional partnerships working in resilience and protection of our critical infrastructure across the United States. I personally have worked on critical infrastructure security and preparedness for nearly 30 years. On behalf of our council, it is a true honor to testify before you today.

Through social media, by traveling to disaster-stricken communities, or by completing the Boston Marathon and running to the hospital to donate blood, Americans will help each other during crises.

To be successful, we must be more focused on efforts that enable Americans in their own communities; efforts that understand community dynamics and leverage local skill and expertise. There are two areas where government and regional partnerships can be more effective in the short term and with little to no cost. Using the successful Community Emergency Response Team (CERT) model, create do-it-yourself “kits” for volunteers who 1) work through social media to inform and coordinate a community response or, 2) establish teams of skilled volunteers who travel to join disaster response.

The National Preparedness Directive is aimed at strengthening the security and resilience of the United States through systematic preparation for the threats that pose the greatest risk to the security of the Nation. It articulates that our national preparedness is the shared responsibility of all levels of government, the private and nonprofit sectors, and individual citizens.

America is changing at a rapid pace. In 1930, we were a predominantly agrarian society with 70% of Americans living in rural areas. Today, 82% of us live in cities, and by 2030, this is projected to rise to 87%.¹ Our most urban state is California where 95% or 35.4 million people live in cities. Los Angeles (including Long Beach and Anaheim) is the most densely populated urban area in the country with 12.1 million residents.² We are also moving towards the coastlines. Between 1960 and 2008, the population in coastline counties along the Gulf of Mexico soared by 150 percent, more than double the rate of increase of the nation's population as a whole. This area is now home to nearly 14 million residents.³ From 1980 through 2012, there have been 144 billion dollar weather disasters, or 4.5 per year. In 2011 and 2012 this number spiked to 25, or 12.5 per year.⁴

We are also more connected than ever before. Stanley Milgram's experiment with letters⁵ in 1969 led to our now common understanding that we are all separated by an average of 6 friends and friends of friends: Six Degrees of Separation. Less known, but perhaps more important is the concept of Three Degrees of Influence⁶. The influence of actions moves through our social

¹ World Bank

² US Census (<http://www.census.gov>)

³ US Census (<http://www.census.gov/newsroom/emergencies/>)

⁴ National Climatic Data Center (<http://www.ncdc.noaa.gov/billions/overview>)

⁵ Travers, Jeffrey & Stanley Milgram. 1969. "An Experimental Study of the Small World Problem."

⁶ Tasha Bock, James H. Fowler, Nicholas A. Christakis (<http://connectedthebook.com/index.html>)

networks three degrees (or in the most basic terms, to and from your friends' friends' friends). This influence dissipates after three degrees for three reasons, 1) the information loses integrity (think of the telephone game), 2) the connections become less stable with the loss of strong personal connections, and 3) most groups throughout history were connected by three degrees or fewer.

For example, Chairman Begich and I have not met before today, but if Wikipedia⁷ is accurate we are connected; we are both of Croatian descent, his father and my mother grew up in the same small town of Eveleth in Northern Minnesota and our fathers both attended the University of Minnesota. We also have a shared connection on the professional networking site, LinkedIn.

At one time these connections between people took place through personal travel, letters and phone calls. They now happen at light speed almost anywhere in the world. We must fully understand how digital communications have and will continue to change our world. In December, Facebook saw daily use from an average of 618 million people, roughly twice the population of the United States each day.⁸ In a more personal example, just today I used my iPad to have a "video conversation" with my daughter 1,000 miles away in Wisconsin.

Why Regional Partnerships Matter

The National Preparedness Goal⁹ describes the concept of Whole Community as "a focus on enabling the participation in national preparedness activities of a wider range of players from the private and nonprofit sectors, including nongovernmental organizations and the general public, in conjunction with the participation of Federal, state, and local governmental partners in order to foster better coordination and working relationships."

Regional partnerships give the preparedness and critical infrastructure resilience community identity. This sense of community is critical to our success. It is an all-encompassing characteristic, a feeling that members have of belonging, a feeling that members matter to one another and to the group, and a shared confidence that members' needs will be met through their commitment to be together.

According to researchers¹⁰, there are four elements necessary to create a sense of community: membership, influence, reinforcement and shared emotional connection. Membership is the feeling of belonging or of sharing a sense of personal connection. Influence can be described as a sense that members matter and can make a difference, that this influence is bi-directional. Reinforcement or the integration and fulfillment of needs: Do I have confidence that the group will meet my needs? The last element is a shared emotional connection. Do we have and will we have a shared history, beliefs, places and experiences? I experienced community in the strongest sense when I joined the Marine Corps 30 years ago. To this day, when I meet another Marine, we are instantly and strongly connected.

⁷ Mark Begich - Wikipedia, the free encyclopedia (http://en.wikipedia.org/wiki/Mark_Begich)

⁸ Facebook by the Numbers (http://news.cnet.com/8301-1023_3-57566550-93/facebook-by-the-numbers-1.06-billion-monthly-active-users/)

⁹ National Preparedness Goal (<http://www.fema.gov/pdf/prepared/npg.pdf>)

¹⁰ A Definition and Theory of Sense of Community (<http://www.drdauidmcmillan.com/article-1/>)

In the partnerships I have founded, supported and led, I have seen no limits to the variations in formal organization. Some are loose gatherings that form naturally and others have been funded, organized and operated very much like a business.

In a practical sense, successful regional partnerships all have several characteristics in common. A small group of committed leaders starts with a clear and shared purpose. They create a simple organization, determining rules and structure that will prevent major conflicts but is not too cumbersome to operate. A small number of volunteers who are committed to seeing the partnership work to completion will enable accomplishment of goals. Other members may engage and disengage over time, but without a few constant leaders, the partnership can fall to irrelevancy. The larger group is equally connected to the shared purpose, but may be more loosely tied to the leadership and each other. In social groups, strong ties are good for local cohesion and are more likely with a small core of leaders, but they but can cause more fragmentation on a larger scale. In a larger group, weak ties enable reaching populations and audiences that are not accessible via strong ties. In other words and perhaps counter intuitively; more weak ties mean the group is more capable of acting in concert¹¹.

Successful Partnerships

Those in homeland security at all levels of government are charged with protection of our critical infrastructure. The common estimate is that private businesses and other non-governmental organizations own 85% of the critical infrastructure of the United States. In very simple terms, if we are to succeed at keeping people safe, keeping the lights on and the economy moving, no one doubts that we must work together.

In Alaska, where an emergency manager once summed up the worst case scenario as “a 9.0 at 40 below”, the Alaska Partnership for Infrastructure Protection¹² has worked toward the clear goals of direct connection of the private sector to the State Emergency Operations Center, which now includes the membership Rapid Alert System during a statewide emergency.

In New York and New Jersey, the All Hazards Consortium¹³ worked with the local business community during Hurricane Sandy to provide an unprecedented map of business that were opened or closed during the storm and recovery.

In Illinois Chicago FIRST¹⁴ became one of the most robust partnerships in the post-9/11 years with the goal of forging a relationship between financial institutions and government at all levels to promote information sharing about employee safety and business continuity issues.

¹¹ Granovetter's Theory of the Strength of Weak Ties (<http://www.analytictech.com/networks/weakties.htm>)

¹² Alaska Partnership for Infrastructure Protection (<http://www.ak-prepared.com/APIP>)

¹³ All Hazards Consortium (<http://www.ahcusa.org/>)

¹⁴ Chicago FIRST (<https://www.chicagofirst.org/>)

The Safeguard Iowa Partnership¹⁵ was launched on January 29, 2007 with support of the Iowa Business Council, Business Executives for National Security and the State of Iowa. Their mission is clear: Strengthening the capacity of the state to prevent, prepare for, respond to and recover from disasters through public-private collaboration.

The Minnesota InfraGard Members Alliance¹⁶ grew to 1,400 members (one of the largest chapters) when it set out to create a trained team within the Minnesota State Emergency Operations Center. This group also held a 5-state private sector led exercise¹⁷ using social media to connect and interact with remote participants.

In the Pacific Northwest, 5 states and 5 Canadian provinces formed the Pacific Northwest Economic Region and later the Center for Regional Disaster Resilience¹⁸ with the goal of creating and fostering cross-sector partnerships focused on infrastructure security and disaster resilience.

Just last month, the SouthEast Emergency Response Network (SEERN) hosted a call for businesses and partnerships to talk through the collective and individual response to the Boston Marathon Bombing on April 15th.

These are just a few examples of regional partnerships at work. Their legal and formal structures may vary greatly as do their specific activities, depending on the needs of their members, but they are all successful because they recognize the importance of membership, influence, reinforcement and shared emotional connection in building a thriving regional resilience community.

Effective Government Efforts

My experience in public – private partnerships began in 1989. In 2003 through a working group of the National Infrastructure Advisory Council¹⁹, we recommended the Department of Homeland Security include the private sector in a framework for partnership that includes a regional focus. I am pleased to report that while much work remains, we have achieved a great deal together. The National Infrastructure Protection Plan has outlined a partnership frame work that engages the private sector and in calling for the creation of the Regional Consortium Coordinating Council (RCCC), creates a connection to community partnerships.

Since assuming the chair role for the RCCC in 2012, my experience with the Office of Infrastructure Protection (IP) has also been positive. Assistant Secretary Durkovich and her leadership team have been strong and committed partners.

¹⁵ Safeguard Iowa (<https://safeguardiowa.wildapricot.org/FAQ>)

¹⁶ Minnesota InfraGard (<http://mninfragard.us/>)

¹⁷ Northern Lights (<http://northernlightscip.blogspot.com/p/exercise-overview.html>)

¹⁸ Center for Regional Resilience (<http://www.regionalresilience.org/>)

¹⁹ Cross Sector Interdependencies and Risk Assessment Guidance (<http://www.dhs.gov/xlibrary/assets/irawgreport.pdf>)

During Hurricane Sandy and more recently the Boston Marathon Bombing, DHS leaders provided regular and open briefings, communicating what they knew even when the picture was unfolding and incomplete. This kind of open dialog may not provide more detail than written situation reports or statements, but it offers context and perspective that cannot be conveyed through written communication and helps us understand and prioritize risks to critical infrastructure.

At FEMA, Administrator Fugate has led a strong effort to both embrace the concept of resilience through community, but also in engaging through digital media. In its Whole Community Approach to Emergency Management²⁰, FEMA is working to understand community complexity, recognize capabilities, foster relationships, build partnerships and leverage and strengthen social infrastructure. Toward these goals, FEMA is active on YouTube, Twitter and Facebook. FEMA Private Sector Office has also stood up a National Business Emergency Operations Center to engage private sector in planning and response to crises. Additionally, in partnership with Citizen Corps, FEMA has launched a program for preparedness and response volunteers called FEMA Corps.

FEMA also has and continues to play an important role in one of the most successful, and cost-effective partnership efforts of the last 40 years; Community Emergency Response Teams²¹ (CERT). In February, New York City Mayor Bloomberg recognized CERT members²²; “CERT members volunteered throughout the Hurricane Sandy response and recovery efforts, even when their own homes suffered severe damage from the storm. That’s the kind of dedication that really defines CERT volunteers. You are our most direct connection to communities in times of crisis, and you are a vitally important part of helping us prepare New Yorkers before a crisis starts.” The CERT model is successful because it provides a “partnership kit”. Training and “branding” are standard providing the identity, purpose and structure for a successful partnership. Groups themselves are formed more organically in established communities.

Innovations

Regional partnerships and government agencies are making progress, but the truly innovative and rapid advances are happening from within our communities themselves.

Crisis Commons²³ is a global community of volunteers from technology, crisis response organizations, government agencies, and citizens that are working together to build and use technology tools to help respond to disasters and improve resiliency and response before a crisis.

Google Public Alerts²⁴ takes information from the National Weather Service, USGS and other sources to provide a platform for disseminating emergency messages such as evacuation notices for hurricanes, and everyday alerts such as storm warnings. The goal of Google Public Alerts is

²⁰ Whole Community Approach to Emergency Management
(<http://www.fema.gov/library/viewRecord.do?id=4941>)

²¹ FEMA – CERT (<http://www.fema.gov/community-emergency-response-teams>)

²² NYC Press Release (<http://goo.gl/RDQPK>)

²³ Crisis Commons (<http://crisiscommons.org/about/>)

²⁴ Google Public Alerts (<http://www.google.org/crisisresponse/publicalerts/>)

to show relevant official weather, public safety and earthquake alerts in the U.S., Japan, and Canada when you search on Google Search.

Team Rubicon²⁵ sets out with two important goals, the first is to engage returning veterans in a sense of purpose and community while they reintegrate into civilian life and the second is to provide trained and coordinated volunteers during disasters. Team Rubicon realized that natural disasters present many of the same problems that confront troops in Iraq and Afghanistan: unstable populations, limited resources, horrific sights, sounds and smells. The skills cultivated on those same battlefields – emergency medicine, risk assessment and mitigation, teamwork and decisive leadership – are invaluable in disaster zones.

These are just a few examples and there are countless more where they come from. We need to learn from them and use our unique strengths and capabilities to advance our shared goals for a resilient America.

²⁵ Team Rubicon (<http://teamrubiconusa.org/>)

Path Forward

But there is much more work to do. Most businesses understand they play a role in promoting the long-term economic prosperity and quality of life for everyone in our communities. Put simply, if the community prospers, then so do businesses. And, most are committed to assuming their responsibility for our shared resilience. But too many are still not engaged in building community resilience. We need to engage them better.

And we need to adapt to social media much faster than we are today. If we are to be successful in our work toward a resilient Nation, we must not only understand the basics of posting updates and tweeting, we must fully embrace it and learn to innovate within it. The mindset shift required of us now is no less than a pilot flying the first jets. We may be in a time of transition that is significant as the world saw in the century after Gutenberg introduced his printing press. Only this time, we have weeks, months and years to adapt, rather than centuries.

I leave you today with a challenge to move quickly to create programs that build on the success of Community Emergency Response Teams (CERT). CERT does a good job of enabling local community resilience at a relative low cost. But CERT doesn't address the full range of disaster volunteers. The CERT program can be applied to volunteers whether they want to respond in social media or by chainsaws and clearing debris.

Together, we can create efficient and effective programs for resilience that reflect where Americans engage in their communities. Here are two examples to start the conversation:

Social Media Volunteers - Create digital version of the Community Emergency Response Team (CERT) – communities will respond to a disaster and more frequently the fastest and most capable communication and coordination happens in the digital environment. The fastest and often most-coordinated understanding of a disaster as well as available resources and volunteers happens online. In one potential example, I have described these in a concept called Social Media Active Response Teams (SMART)²⁶.

Skilled Volunteer Responders – Like the example of Team Rubicon, there is a need for volunteers who are trained and equipped at higher levels than the light search and rescue that is the hallmark of CERT teams. FEMA Corps²⁷, a new program for volunteers to support FEMA response is a step in this direction. I assert there is a role for government in providing the program and structure that can enable volunteers across the United States to follow in the footsteps of Team Rubicon.

These examples demonstrate the collective shift we need to make; from building structures and organizations to enabling and connecting communities. Never before have we had such connection and innovation to build a truly resilient America.

Thank you for your time today.

²⁶ SMART – Teams for Social Response (<http://mninfragardstudent.wordpress.com/smart-teams/>)

²⁷ FEMA Corps (<http://www.fema.gov/fema-corps>)



Testimony

of the

BuildStrong Coalition

Delivered by Michael Merwarth, Senior Vice President, USAA

Submitted to the

United States Senate

Homeland Security and Government Affairs Subcommittee on Emergency Management,

Intergovernmental Relations, and the District of Columbia,

Hearing on

"The Private Sector Role in Emergency Response and Preparedness"

May 8, 2013, 2:30 p.m. EST



Introduction

Chairman Begich, Ranking Member Paul and Members of the Subcommittee, thank you for holding this important hearing to examine the private sector's role in emergency preparedness and response.

My name is Michael Merwarth, and I am the Senior Vice President and Chief Property & Casualty Underwriter for USAA headquartered in San Antonio, Texas. USAA is a membership-based association, open to all who have honorably served in the U.S military and their family members. We were founded in 1922 by a group of Army officers who decided to band together and insure each other after they were considered too risky by other insurance companies.

Our mission is to facilitate the financial security of our membership through a full range of financial products and services, including personal lines of insurance. Military service members and their families face unique challenges associated with their highly mobile lifestyle. USAA recognizes this and tailors our products and services to meet their needs.

USAA is also proud to be a founding member of the BuildStrong Coalition, and that is who I am representing today. The BuildStrong Coalition is a group of national business and consumer organizations, insurance companies, firefighters, emergency managers and building professionals dedicated to promoting stronger building codes. It is the business of BuildStrong members to help families, communities and businesses mitigate and recover from the devastating effects of natural disasters.

At USAA, we're focused on fulfilling our commitment to serve our military membership by providing useful tools and advice to help our members protect their lives, their loved ones and their property. For example, we have developed an online tool that enables our members to research a property's general exposure to various natural disasters, and provides practical guidance on how to prevent or reduce the likelihood of loss.

All of our 66,000+ members in Alaska, can input their home address and learn more about their exposure to wildfires. Or, an active duty soldier getting ready to PCS to Fort Polk, Louisiana can use the tool to evaluate properties and find tips to mitigate the flood risk at his/her future home. Our tool also provides links to important advice from our disaster mitigation partners and fellow BuildStrong Coalition members, the Insurance Institute for Business and Home Safety (IBHS) and the Federal Alliance for Safe Homes (FLASH).

Throughout the year, USAA regularly provides our members with catastrophe related education and advice and helps our members understand how to rebuild resiliently post catastrophe. Something as simple as using ring-shank nails, instead of traditional nails, in roof repairs or sealing your roof deck can make a huge difference in strengthening your home and preparing for natural disasters.



We provide our members with disaster mitigation tips to help them make smarter and safer home building and repair decisions, but we're also there for them after disasters strike. USAA isn't fulfilling our mission if we aren't there for our members when they need us most.

Whenever possible, we stage our claims experts in nearby areas when a catastrophic event is imminent. Our state-of-the-art catastrophe response vehicles, which include satellite, Internet, mobile and WI-FI capabilities, enter impacted areas as soon as possible.

To communicate with members before and after events, we utilize traditional and social media tools, including Facebook, Twitter, text messages, and emails. We centralize the information in a comprehensive Disaster & Recovery Center, available online and through our USAA Mobile App. Members can also use our App to connect with the American Red Cross, the Federal Emergency Management Agency (FEMA), or to find one of our on-site claims locations.

We recognize that our disaster mitigation and recovery efforts, and those of our BuildStrong Coalition partners, are more important now than ever, as according to the National Oceanic and Atmospheric Administration, there have been 25 major disasters over the past two years that have surpassed \$1 billion in economic losses. The economic toll from these events, once the final costs from Sandy are tabulated, could rise to nearly \$200 billion, but the greatest cost, of course, has been the tragic loss of hundreds of lives.

The BuildStrong Coalition shares the subcommittee's goal of working toward solutions that would help communities prepare for, and recover from, natural disasters while saving taxpayer money in the process. Our first consideration, however, must always be the safety of our communities and the American people. As such, these wake-up calls compel us to advance legislation to help fortify the nation's defenses against similar events in the future.

Building Codes Save Lives, Property and Taxpayer Money

There is overwhelming scientific evidence to support the conclusion that enforcing model statewide building codes saves lives and greatly reduces property damage and the subsequent need for federal disaster aid. Model building codes govern all aspects of construction and help to protect people, homes and buildings from the devastating effects of natural catastrophes.

Uniform statewide adoption and enforcement of model building codes by states helps to reduce long-term risks affecting people, property, the environment, and ultimately, the economy. The model codes are developed nationally in the U.S. by a consensus process involving researchers, construction experts, and local building officials. They are adopted and enforced at the state level to mitigate effects of natural disaster perils inherent to each state.

In a landmark study conducted in the aftermath of Hurricane Katrina, researchers at the Louisiana State University Hurricane Center estimated that stronger building codes would have



reduced wind damage from Katrina by 80 percent, saving taxpayers and the local economy \$8 billion. Louisiana has since adopted and enforced model building codes.

In 2005, FEMA commissioned a study by the National Institute of Building Sciences' Multihazard Mitigation Council. The goal of the study, based on the work of more than 50 national experts, was to assess the future savings from hazard mitigation activities. According to the study, every \$1 dollar spent on hazard mitigation (actions to reduce disaster losses) provides the nation with about \$4 in future benefits.¹

In response to the devastating tornadoes in the spring of 2011, the FEMA Building Science Branch of the Federal Insurance and Mitigation Administration (FIMA) deployed a Mitigation Assessment Team (MAT) to Alabama, Georgia, Mississippi, Tennessee and Missouri to assess the damage caused by these storms. This report presented 49 recommendations directed at improving public safety and building performance during tornado events. The adoption and enforcement of model building codes was the key recommendation presented more often than any other measure in the MAT report.

Another study conducted for IBHS found that losses from Hurricane Andrew, which struck south Florida in 1992 and caused more than \$20 billion (in today's dollars) in insured damage, would have been reduced by 50 percent for residential property and by 40 percent for commercial property if those structures were built in accordance with Florida's 2004 statewide building code. An IBHS study following Hurricane Charley in 2004 found that modern building codes reduced the severity of property losses by 42 percent and the frequency of losses by 60 percent. Florida has also adopted stringent building codes after suffering millions in economic losses as a result of these storms.

More valuable research is currently being conducted by IBHS at its recently opened research center in Richburg, South Carolina. This research has already demonstrated how the human and financial toll of natural disasters can be greatly reduced by building stronger homes and business structures. With relatively simple upgrades in construction, such as strapping, to create a continuous load path from the roof, through the walls, and into the foundation; thicker roof decking; and textured, rather than smooth, nails, test homes were built to withstand 110 mile-per-hour winds with little damage. Taking steps to prepare in these ways before a disaster hits can make a major difference.

The Safe Building Code Incentive Act

This is where the efforts of this subcommittee can be so important to the American people. If Congress can establish the proper incentives and focus the attention of the states on the undeniable value of strong building codes, the nation will be safer and much more resilient to natural disasters.

¹ Multihazard Mitigation Council, December 19, 2005;
<http://www.nibs.org/index.php/mmc/news/Entry/newstudydisastermitigationiscosteffectiveandreducesfuturelosses>



The insurance and emergency management community concluded long ago that strong building codes are the best first line of defense against natural disasters. One effective step Congress should immediately take to alleviate the financial pressures associated with natural disasters is to encourage mitigation measures, specifically in the form of building stronger, safer homes and businesses. To that end, the BuildStrong Coalition strongly endorses *the Safe Building Code Incentive Act*, as a forward-thinking investment in a stronger and safer America.

Under the proposed law, states that adopt and enforce nationally recognized model building codes for residential and commercial structures would qualify for an additional 4 percent of funding available for post-disaster grants. This legislation will not require any additional appropriation to FEMA because it draws funds from the existing Disaster Relief Fund. Furthermore, the nature of the incentive does not mandate the adoption of statewide building codes on any states that wish to maintain their current system.

With a disproportionate level of new development now being on coasts and waterways, it is critically important that we encourage the widespread adoption of the model building codes in these areas in order to protect property, save lives and ultimately reduce taxpayer exposure to natural disasters.

A 2012 Milliman study found that *the Safe Building Code Incentive Act* would have saved U.S. taxpayers \$11 billion in hurricane relief payments alone from 1988 to present, had it been in place. This subcommittee can ignite this debate by moving forward with consideration of *the Safe Building Code Incentive Act*.

Conclusion

I want to thank the subcommittee again for holding this important hearing, for the opportunity to share USAA's disaster mitigation and recovery stories and to discuss the crucial role strong building codes can play in making the nation safer and more secure in the face of natural disasters.

USAA and the BuildStrong Coalition are dedicated to improving the resiliency of American communities. The overwhelming evidence supporting the widespread adoption of statewide building codes proves that *the Safe Building Code Incentive Act* is a fiscally responsible way to empower FEMA to assist in natural disaster recovery while working to prevent future damage. The incentives associated with this legislation will cost a modest amount of money in the near-term, but significant savings will be realized in the long-term.



Coalition Members

The American Institute of Architects
 AllState Insurance Company
 American Insurance Association
 Congressional Fire Services Institute
 Council of Insurance Agents and Brokers
 Farmers Insurance Group of Companies
 Federal Alliance for Safe Homes
 Financial Services Roundtable
 Fireman's Association of the State of New York (FASNY)
 Florida Association of Counties
 Florida Emergency Preparedness Association
 Institute for Business and Home Safety
 Independent Insurance Agents and Brokers of America
 International Code Council
 Liberty Mutual Insurance
 MetLife
 National Association of Mutual Insurance Companies
 National Association of State Fire Marshals
 National Council of Structural Engineers Associations
 National Fire Protection Association
 National Institute for Building Sciences
 National Ready Mixed Concrete Association
 Nationwide Insurance
 NeighborWorksAmerica
 Professional Insurance Agents
 Property Casualty Insurers Association of America
 Reinsurance Association of America
 Simpson Strong-Tie Co.
 Solutia
 Travelers
 State Farm Insurance Companies
 The Hartford
 USAA

Daniel L. Stoecker
Executive Director, National Voluntary Organizations Active in Disaster

Written Testimony Before the

United States Senate Committee on
Homeland Security and Governmental Affairs
Subcommittee on
Emergency Management, Intergovernmental Relations, and
District of Columbia

On

“The Role of Private Sector in Preparedness and Emergency Response”

May 8, 2013

Chairman Begich and Distinguished Members of the Committee, My name is Daniel Stoecker. I am the Executive Director of National Voluntary Organizations Active in Disaster (National VOAD).

Thank you for the opportunity to appear before you to address "The Role of Private Sector in Preparedness and Emergency Response." I will use my brief remarks to highlight a few opportunities, challenges and recent innovative initiatives that demonstrate how the Private Sector, FEMA and other Federal government agencies can and do work together to better prepare for and respond to disasters.

National VOAD is a nonprofit, nonpartisan, membership based organization that serves as a forum where organizations share knowledge and resources to help communities prepare for and recover from disasters. National VOAD is a coalition of 54 of the country's most reputable national faith-based, community-based and other non-governmental organizations, and 55 State/Territory VOAD coalitions, representing Local/Regional VOADs and hundreds of additional member organizations throughout the country.

We are dedicated to whole community engagement, recognizing that all sectors of society must work together to foster more resilient communities nationwide. In recent years, the VOAD collaborative has begun to focus on growing and strengthening the VOAD movement, as well as welcoming partnerships with emergency management and other government, business, education and civic sector organizations.

Within the Federal government, National VOAD and FEMA/DHS established a formal partnership agreement in 2010 to work together throughout the disaster cycle to enhance cooperation, communication, coordination and collaboration between government and the private nonprofit community. We just established a similar relationship with USACE around the specific subject of mass care, which I will reference in a moment. Over the past year, National VOAD has also begun working with other federal agencies to identify and implement public private cooperative opportunities, including with HHS (ASPR, CDC, Medical Reserve Corps, SAMHSA), HUD, DoA, USICE/DHS and DoD (National Guard Bureau, US Northern Command).

Each of the distinguished Members of this Committee should be very proud of the VOAD coalition members and their volunteers serving the communities in your states. Your constituents gather to form VOAD coalitions to better share knowledge and resources throughout the disaster cycle. Working with emergency management and others, they provide the leadership that builds resilient communities and delivers hope in time of need.

I will quickly share a few examples of private-public partnerships that demonstrate promising opportunities going forward:

1. Chairman Begich, in the summer of 2009, several National VOAD member organizations were engaged in an expedited home rebuilding effort to assist residents recovering from a

flood disaster in a large, remote area of Alaska. Flooding and ice jams on the Yukon and Kuskokwim Rivers caused significant damage to several communities. Several factors converged to make this case of disaster recovery effort relatively unique. First, the disaster-affected area was quite remote, which presented challenges in terms of providing rebuilding material and labor to do the recovery work. Second, in order to avoid dislocating individuals and families for an extended period of time, the home rebuild and recovery work needed to be completed before the onset of winter, which necessitated completing the work projects in less than three months. And third, the process approach undertaken through a FEMA partnership with the VOAD organizations directly supplying building and repair services was a departure from more typical practices of contracting private for-profit building firms. The collaboration saved state and federal resources and helped families recover more quickly.

John Madden, Director of the Alaska Division of Homeland Security & Emergency Services, was key to the success of this project. Director Madden is now President of the National Emergency Management Association (NEMA), which has recently led to new strategic engagement opportunities between NEMA and National VOAD.

2. Ranking Member Paul, VOAD agencies leapt into action in response to the tornadoes that swept the Commonwealth of Kentucky last year. VOAD organizations ranging from Mennonite Disaster Services, NECHAMA Jewish Response, Samaritan's Purse and many others, removed debris, repaired and rebuilt homes, and even worked to retrofit a warehouse so that the elementary school in West Liberty could reopen in a matter of weeks rather than months. This is yet another demonstration of how nonprofit agencies can step in to identify and help meet needs of local communities after an event devastates their region.
3. US Army Corps of Engineers (USACE)
The recent National VOAD partnership established with USACE began at FEMA's National Response Coordination Center (NRCC) as we were preparing for Hurricane Isaac. The NRCC not only serves as a place where high level Federal and State interagency coordination is executed, FEMA has also arranged for National VOAD and other appropriate private sector partners to have representation there as well. This enables us to better coordinate public-private resources for a more effective response to the needs of individuals and communities impacted by disasters.

As a result of coordinated problem solving at the NRCC, a Temporary Roofing Mission Pilot Program was established by FEMA, USACE, National VOAD and two of our members, Southern Baptist Disaster Relief and Louisiana VOAD. The result was a model for getting 'blue roofs' on homes in a quicker and less expensive means for both the federal government and for the states, who are required to match a portion of the costs for such deployed programs. The use of VOAD organization volunteers decreased costs for federal contractors and local volunteer labor offset the state's 25% match.

Going forward, the USACE will be working with National VOAD to develop standard operating procedures for collaborating on a variety of emergency support functions, and will provide related training and technical assistance for National and State VOAD members.

4. Establishment of a National Mass Care Strategy

The American Red Cross and FEMA signed a MOA on October 22, 2010 that describes how FEMA and the American Red Cross will work together as co-leaders of the mass care portion of ESF-6 of the NRF. The MOA calls for FEMA, the American Red Cross and National VOAD to strengthen response capacity by developing and promulgating a National Mass Care Strategy.

A public-private National Mass Care Council was established to guide the process to establish a framework to enhance coordination, pool expertise and strengthen response capacity in the provision of mass care services throughout the nation. In September 2012 the **National Mass Care Strategy** was released, and then disseminated over the past 6 months. It provides recommended courses of action for the delivery of improved mass care service to the nation, with five strategic goals that seek to move the nation in a direction that increases the capabilities and capacities of the Whole Community across the range and scale of disasters to which this country is vulnerable.

Going forward we will be working with an expanded group of national and local public-private organizations to address implementation of the National Mass Care Strategy in States and local communities.

5. FEMA has representation on our National VOAD work groups and committees that convene throughout the year to find solutions to the challenges brought by disasters. There we work together on ways to better engage and care for volunteers, manage unsolicited donations, provide mass care and recovery services, and improve private – public resource coordination. For example, this mechanism was used to create a Multi-Agency Feeding Plan template that serves as an educational tool assisting jurisdictions, NGOs, Private Sector and other stakeholders providing feeding support to understand the complexities of implementing a coordinated and collaborative feeding assistance plan in advance of, during and after a disaster throughout the impact area of a State.
6. Lastly, further highlighting the value of public-private partnership, the UPS Foundation and the Business Civic Leadership Center (BCLC) of the U.S. Chamber of Commerce exemplify two replicable partner projects with National VOAD following the landfall of Hurricane Sandy. The UPS Foundation worked with National VOAD to provide more than \$100,000 of in-kind shipping services to nonprofit agencies to move materiel into the affected area, including flood cleanup buckets prepared by VOAD agencies such as Church World Service and Presbyterian Disaster Assistance. The BCLC created a web portal for their community of businesses and corporations to find opportunities within the nonprofit community for skills-based volunteerism, such as strategic development, process improvement, and marketing.

Legislative or Administrative fixes that could serve to facilitate better private – public resource coordination:

1. Please see attached Appendix: A related to National Mass Care Strategy document, which outlines a set of priority recommendations related to Goal 5, to “Strengthen and Unify Mass Care Legal and Policy Foundations.”
2. Stafford Act, Sec 309, Use & Coordination of Relief Organizations:

Clarifies that the Federal government may enter into agreements with nonprofits not just for disaster relief, but also for preparedness and recovery activities and to amend the act to read “The President is authorized to enter into agreements with the American National Red Cross, the Salvation Army, the Mennonite Disaster Service, and “National VOAD” or disaster assistance organizations”

Recommend adding a new section on Volunteers:

“Authorizes the President to provide temporary housing for volunteers who are assisting with response and recovery efforts upon receiving a request from an affected State, as long as it is appropriate, cost-effective, and would not interfere with the provision of temporary housing to first responders or disaster survivors.”

This provision is intended to leverage temporary volunteer labor by students, church groups, and other affiliated volunteers who wouldn’t otherwise be able to assist due to inadequate supply of host homes. This authorizes states to request minimalist accommodations for volunteers (e.g. base camps with cots and tarps overhead) in order to accept their services, which will indirectly reduce federal repair and cleanup costs.

3. Alternative Fee Based option for Small Business Administration Loans
A large portion of a disaster survivors disaster assistance under a Presidentially Declared large portion of a disaster survivors disaster assistance under a Presidentially Declared Disaster stems from FEMA’s individuals and households program (IHP), coupled with the Small Business Administration (SBA) loan for qualified individuals. The SBA loan requires interest payments which is prohibitive for Muslims and Orthodox Jews. Muslim communities typically discards the SBA application as the interest bearing loan is not in accord with their religious tenant as they are strictly prohibited to pay or collect interest on a loan. They can pay for their money via a fee based instrument, but not on an interest bearing instrument. SBA states that the agency does not have the statutory authority to create a fee-based alternative, and such a change would require a statutory change.

Recommendation: Regulatory change authorizing SBA to create a fee based option for eligible individuals/households vs. interest based. SBA has non-disaster fee based products available for faith traditions that are prohibited from paying interest which could be used a model for a disaster loan alternative.
4. FEMA Disaster Assistance for Artisans and independent Contractor Small Businesses
The FEMA Other Needs Assistance (ONA) program vital to recovery for artists, and other self-employed individuals, including free lancers and independent contractors is inadequately

defined in FEMA policy and guidance and discriminates against this self-employed population. The majority of the nearly 10 million unincorporated self-employed workers identified by the U.S. Bureau of Labor statistics could be defined as “micro-businesses” with zero (86%) or very few employees (97% have zero to four employees), which includes nearly 2 million artists. Because of the nature of their livelihood, artists are 3.5 times more likely to be self-employed than other workers.

The tool replacement provision of the “Other Needs Assistance” (ONA) allowances by FEMA for “specialized tools or protective clothing and equipment required for your job” would enable artists to return to income producing activity, however, the provision as currently interpreted and applied by FEMA requires verification from a regular employer that the tools or equipment must be provided by the employee. Self-employed workers are denied this potentially career-saving assistance simply because they work for themselves.

It is essential to their recovery and the recovery of their communities, for artists and other self-employed workers to get back to work as quickly as possible after a disaster. The loss of necessary tools is a serious impediment to recovery of a significant number of self-employed workers and should be addressed by the proposed revision.

Recommendation: Clarification of current Other Needs Assistance Policy for specialized tools or protective clothing and equipment required for your job.

Clearly defined levels of assistance which are adequate to replace tools and equipment critical for earning a livelihood should be established, as well as criteria for FEMA to replace tools and equipment for self-employed artists. This would facilitate fair and timely evaluation in the field and minimize delays in providing assistance. Levels of assistance based on fair market values of verified losses for equipment, depending on severity of losses, should be established to enable most self-employed workers to resume gainful employment.

5. Disaster Case Management Programs (DCMP)
 - a. Implement conditions that allow FEMA more flexibility and options to deploy DCMPs based on the needs of the event, available competencies, and best use of public resources.
 - b. The HUD DHAP should be a housing assistance resource for DCMP clients and should not have an additional, separate, exclusionary case management component. We have been very pleased with exploratory discussions with HUD to identify efficiencies which also best create a continuity of recovery services for survivors.
6. National VOAD is a signatory to the National Disaster Response Framework and has been actively working with federal agencies on the development of the National Recovery Framework and its many annexes, where we are identified as a partner. But the National VOAD community and other nonprofit organizations cannot always be designated as filling the gaps identified as these plans are being developed. We need to be realistic about the sector's capacity and capabilities, first ensuring if that sector has the necessary resources or mechanisms in place to fill such gaps.

- a. Public resources could be directed to ensure stated connections between public and private agencies are in place and tested. This could include providing technical assistance and hosting invitational stakeholder trainings and exercises.
 - b. The components of federal agency work plans associated with engaging the public sector could better achieve desired outcomes if developed with and known by the associated public sector stakeholders.
- 7. National VOAD recognizes there is still much to do to strengthen the preparedness competencies of our communities. We would like to build a consensus for Preparedness to be elevated to the stature of civic duty and recognized as a citizenship virtue.
 - a. With leadership from National VOAD members like the American Red Cross, we are exploring innovative joint NVOAD-FEMA initiatives centered on engaging youth to become preparedness champions, and establishing a national preparedness exercise.
 - b. We also recommend that preparedness information and other resources be included as a component of all Federally funded Disaster Recovery Programs. This is important so individuals and communities gain tools and knowledge to mitigate re-traumatization, re-victimization and to develop self-help and resiliency skills.
- 8. Throughout America, VOAD agencies have the ability to quickly mobilize volunteers and mass care resources often much sooner and more cost effectively than government. When these organizations respond, they are often asked by government to remain and continue fulfilling key functions, usually without sustainable resources. Creating a direct mechanism for FEMA to reimburse voluntary agencies when services are requested would be effective and efficient.

Chairman and Distinguished Members of the Committee, I would like to thank you again for your time, and welcome any questions or comments you may have.

Appendix A: “Strengthen and Unify Mass care Legal and Policy Foundations.”

Address gaps in FEMA authorities to improve delivery of mass care services that may require legislative action:

There currently are no authorized grant programs to provide grants, benefits, and incentives to affected states for:

1. Emergency human services, to minimize the financial impact on community service programs when disaster-caused needs exceed the capabilities of program funding and resources.
2. Workers’ Compensation benefits for volunteers providing disaster relief during declared disasters.
3. Incentives to build mass care capability and capacity. Incentive grants could be made available to local agencies and voluntary, community-based, and faith-based organizations through state or federal programs.

Assess how to establish a sliding cost share that incentivizes state and local governments to invest in mass care resources and planning. (Use the example of Stafford Act Section 322 (e) as a model).

The Stafford Act does not separate Public Assistance from Essential Assistance to provide separate funding authority for mass care programs, resources, and services, or to reimburse nongovernmental relief or disaster assistance organizations for expenses incurred in the provision of relief during a major disaster or emergency, where requested by the Federal Coordinating Officer or designee.

Assess gaps in other federal authorities that directly affect the provision of mass care services to meet Whole Community needs:

- Federal agencies currently cannot adjust their disaster assistance program benefits to align with host jurisdiction cost of living.
- The U.S. Department of Agriculture currently cannot adjust the Disaster Supplemental Nutrition Assistance Program allotment for temporarily displaced disaster survivors to match the rate in the host jurisdiction.
- The U.S. Department of Labor currently cannot adjust Disaster Unemployment Assistance benefits provided to temporarily relocated disaster survivors to match the rate in a host jurisdiction.
- Medicaid regulations currently lack portability between states for disaster-displaced populations.

- The Privacy Act and Health Insurance Portability and Accountability Act of 1996 (HIPAA) includes barriers that inhibit sharing client data among agencies for the purpose of providing disaster recovery support and medical care.
- Federal law currently is not optimally designed to minimize the liability exposure of nongovernmental, community-based, and faith-based organization staff and professionals who volunteer to support disaster response (counter-example: some states, such as California, have such laws in place that could serve as models).
- The Emergency Management Assistance Compact (EMAC) does not include an enforceable licensure/credentialing reciprocity to facilitate deployment of medical, veterinary, and other professionals (e.g., plumbers, electricians) between states during disaster responses. Although EMAC includes a provision for reciprocity, currently it is not honored by state regulatory agencies.

Assess gaps in existing federal doctrine, policies, and regulations that adversely impact national mass care capacity:

- Assess whether modification is needed for the Department of Homeland Security Grant Program (HSGP) Urban Areas Security Initiative (UASI) to require recipient jurisdictions to apply a percentage of grant funding to the development and implementation of mass care planning, programs, resources, and services.
- Assess whether modification is needed for the U.S. Department of Agriculture to adjust the Disaster Supplemental Nutrition Assistance Program allotment for temporarily displaced disaster survivors to match the rate in a host jurisdiction.
- Assess whether modification is needed for the Department of Health and Human Services to provide crisis counseling to disaster survivors temporarily relocated to host jurisdictions.
- Guidelines on the federal process for relocation and reunification of minors evacuated out-of state lack clarity.
- Review the federal grants program eligibility criteria to consider how to better address mass care planning and resource development in the state emergency operations plan.
- CFR 44 does not separate Public Assistance from Essential Assistance to provide separate funding authority for mass care programs, resources, and services.
- Establish a sliding cost share that incentivizes state and local governments to invest in mass care resources and planning.
- FEMA Disaster Assistance Policy 9443.2, Transitional Sheltering Assistance, does not provide flexibility in providing non-congregate sheltering to displaced disaster survivors.

- FEMA Policy does not allow for expanded use of donated temporary housing units to include the sheltering of disaster workers deployed to assist disaster survivors.
- FEMA Recovery Policy 9523.19, Eligible Cost Related to Pet Evacuation and Sheltering, allows for only a limited length of time during which pet sheltering expenses will be reimbursed to affected states. Existing timeframes limit household pet owner access to transitional sheltering or temporary housing, which puts increased stress on household pet owners in regard to the well-being of their pets.
- Disaster Assistance Policy 9525.2, Donated Resources, does not allow state eligibility, under the Public Assistance program, for donated hours for mass care services provided by organizations that have a mass care mission.
- The Department of Homeland Security Immigration and Customs Enforcement policy does not prevent the removal of undocumented individuals from congregate mass care facilities during the emergency phase of a disaster.
- FEMA mitigation grant policy does not allow expenditures for mass care project facility construction or retrofitting of facilities that will be used for congregate sheltering.

Standardize state law to enhance the sharing of mass care resources:

- Promote the adoption of National Incident Management System Resource Typing for Mass Care Services to facilitate the request and deployment of assets across state lines.
- Work with the National Emergency Management Association and the Association of Governors to establish standards for animal care/household pets during disasters, including policies on the length of time unclaimed animals may remain in emergency animal shelters.
- Modify state legislation to facilitate the safe evacuation, relocation, and reunification of unaccompanied minors across state lines during major disasters and emergencies. State legislation should establish a process and mechanism to address the safety of children, including the transition to the social services system, child custody requirements, medical consent requirements, and other evacuation and sheltering concerns.
- Establish uniform legislation for all states and territories to allow for the temporary licensing of credentialed medical, professional, and trade staff to work in affected and host states.

Statement for the Record

John W. Madden

Director, Alaska Division of Homeland Security and Emergency Management

Before the

United State Senate

Committee on Homeland Security and Governmental Affairs

Subcommittee on Emergency Management, Intergovernmental Relations, and the District of
Columbia

"Role of Private Sector in Preparedness and Emergency Response"

May 8, 2013

Washington, D.C.

Introduction

The State of Alaska faces an extreme range of hazards from nature, technology, and humans. The threat and the risk of these hazards spread throughout the entire state. A disaster anywhere in Alaska is highly likely to affect the entire state to some degree and will affect every aspect of our economy. The State of Alaska developed many partnerships in preparedness with our communities, with volunteer and non-governmental organizations, and with the private sector.

The private sector in Alaska – from the largest global corporation to the smallest mom and pop store – holds an invaluable place in our measures for preparedness, response, and recovery. I will discuss the hazards that face Alaska, its citizens, and its economy; our motivation for and the origins of the Alaskan public private partnership; our methods of coordination and planning; examples of our successes; and our plans for the future.

Hazards Facing Alaska

Alaska has experienced a declared disaster on an average of every ninety days since statehood in 1959. These disasters have come at a high price in human lives and in property damage. The massively destructive Good Friday earthquake of 9.2 magnitude in 1964 caused damage to public and private infrastructure exceeding four billion in today's dollars.

Nature presents Alaska with the geologic threat of volcanoes, seismic threat of earthquakes and tsunamis, hydrological threats of extreme flooding, and the meteorological threats of extreme temperatures, snow, rain, and hurricane force storms. Our increasing reliance of technology for communications, logistics, and SCADA (supervisory control and data acquisition) for utilities and other essential services results in our increasing vulnerability to cyber attack, space weather, and even electromagnetic pulse. Our critical infrastructure for transportation, energy, and resources are of national and global value and in continuing need of stringent security and protective measures.

Motivation and Origin

After the tragedies of September 11, 2001, Alaska along with all states reexamined our doctrine on preparedness and our policies for protecting our citizens and their vital interests. Shortly after we began, our partners in the Alaskan Command of the Department of Defense took the initial steps of examining and strengthening its supply lines critical for its strategic mission that crossed the fence line from the public and private sectors. This was the beginning of APIP, the Alaska Partnership for Infrastructure Protection, a public private partnership of continuing vitality and focus.

As we documented the flow of goods and essential services, we confirmed our interdependences between military and civilian, between public and private sectors, and within the general public. Each organization, jurisdiction, and company discovered vulnerabilities beyond its ability to protect. Each also discovered that it protected things of value to others. We coined the descriptive phrase of "spider web of single points of failure" to describe our early findings. We now use that phrase to measure our progress in building resilience and mitigating the consequences of future disasters. We sought to reduce risk rather than migrate it to other sectors. The charter members of APIP decided early that this partnership would not be brief nor would the need ever disappear.

As the APIP members recognized the breadth and depth of the commitment needed to sustain this enterprise, they turned to the State of Alaska, Division of Homeland Security and Emergency Management. This division assumed leadership and the support and partnership of the Alaskan Command continues to this day.

The membership grew to include companies and agencies in communications, transportation, energy, health and medical, insurance, utilities, finance and banking, law enforcement, food, tourism, the Municipality of Anchorage, and volunteer and non-governmental organizations.

Coordination and Planning

Within APIP, we developed three priorities:

1. Information sharing through the secure platform of HSIN (Homeland Security Information Network).
2. Identifying, understanding, and documenting how we work in peacetime focusing on the flow of goods and people, the provision of essential services, and the interdependencies inherent in our systems.
3. Problem solving to confront the potential consequences of the hazards facing us with full appreciation of the complexities.

Our approach closely resembled what the private sector does best – plan for the unexpected, assess and manage risk, make informed decisions, embrace the complexity of our systems, and measure the effectiveness of our progress.

The problem solving approach involved briefings and discussions on many threats to our continuity: cyber attacks, weather, natural disasters, medical outbreaks, disruptions, security

threats, active shooter, disgruntled employees, and many emerging events around the nation and the world. Our methods evolved over time and now are based on these questions:

- How do things work in peacetime?
- What can go wrong?
- What are the consequences?
- What do we do about this insight?

We also agreed that low risk does not equate to no risk. We discussed unlikely events and the unintended consequences.

We meet monthly in person and video conference. We also maintain continuous contact through postings on HSIN of emerging events, weather warnings, earthquake and tsunami activities, criminal and terrorist advisories, reports, and analyses. We also conduct regular exercises of short duration but with high return on the investment.

We focus on improved readiness by all first responders – from government, volunteers, and from the private sector. Our Alaskan Responder Ready campaign educates responders to prepare themselves and their families for the opening hours and days of any disaster. Our private sector partners have implemented continuity plans to build and sustain their ability to perform their mission under all conditions.

We seek unity of effort through integration of plans and actions. The lineman repairing the power lines needs the help of the National Guardsman who needs the support of volunteers to care for his or her family.

Successes

In 2009, a series of events challenged Alaska and illustrated the worth and value of our public private partnership.

In March 2009 Redoubt Volcano began a series of eruptions sending ash and debris to the stratosphere and threatening the air and sea supply routes into Anchorage. The eruptions continued for several weeks. The APIP members assembled to determine the effects of the erratic disruptions to the transportation and logistics systems serving the entire State of Alaska. We developed contingency plans for alternate routes and methods for resupply, adjusted the orders for essential consumer needs such as personal and automotive air filters, reset resupply schedules, and adjusted for the loss of ATMs and resultant cash shortages. We also considered plans for absenteeism of critical employees should the ash fall increase to high levels. These plans included the potential movement of private sector goods on military aircraft and distributed through state and volunteer systems. The general public did not experience any shortages of commodities or any loss of essential services.

With the last volcanic eruptions in late April 2009, the threat of H1N1 influenza emerged with a significant potential for pandemic. The APIP again assembled to consider consequences and actions. Their work on absenteeism during the volcanic eruptions proved highly relevant to absenteeism caused by social distancing or other needs for pandemic response.

Among our partners are now detailed contingency plans on dealing with disruptions affecting our citizens and our economy. Communications companies will share bandwidth and maintenance; banks will share cash supply and provide services for the customers of other banks; hospitals and health facilities will balance the patient load and share facilities; tourism industry will endeavor to remove visitors out of the disaster area to lessen the burden. Law enforcement will coordinate security needs and priorities with their private counterparts.

The Future

The APIP members are expanding the geographic extent of its members throughout Alaska using the HSIN videoconferencing, messaging, and chat capabilities. We will extend our study of our supply lines back to their origins and work with the private sector outside Alaska as members of our partnership.

The State of Alaska formed several task forces to confront the challenges of the catastrophic event. The members of these task forces include those agencies and organizations with assets, authorities, capabilities, and commodities that will be of high value during a major disaster or catastrophic event. Many APIP members are on these task forces on energy and transportation, health and medical, mass care, and housing. The private sector has demonstrated a great willingness to serve the public in planning and in execution of these plans.

Summary

Alaska places a high value of partnerships. APIP is a striking example of what can arise when good people decide to do the right thing without waiting for guidance. We chose to act and the Alaskan enterprise – public and private – rose to the occasion for the good of the state, its people, and its economy.

Alaska has a very direct approach to disasters of any kind which we summarize in only seventeen words:

Create and sustain a posture of preparedness enabling a swift, coordinated response ensuring an immediate, comprehensive recovery.

APIP and the private sector in Alaska are of immeasurable value for each aspect of preparedness. I have great confidence in our partnership.

**Post-Hearing Questions for the Record
Submitted to
Elizabeth Zimmerman, Deputy Associate Administrator, Office of Response and Recovery,
Federal Emergency Management Agency
FROM SENATOR MARK BEGICH**

“The Role of the Private Sector in Preparedness and Emergency Response”

**Wednesday, May 8, 2013 2:30 P.M.
United States Senate, Subcommittee on Emergency Management, Intergovernmental
Relations, and the District of Columbia
Committee on Homeland Security and Governmental Affairs**

Q. While guidance from the Federal Government can be helpful to provide standards and facilitate implementation of best practices, how does FEMA reconcile and encourage local, state, and regional approaches to private sector integration with emergency management?

A. The Federal Emergency Management Agency’s (FEMA’s) efforts related to the private sector align with FEMA’s mission to support state, local, tribal, and territorial (SLTT) governments. FEMA’s Private Sector Division (PSD) is housed within the Office of External Affairs, which also includes the Intergovernmental Affairs division. The PSD works closely with its Office of External Affairs colleagues, and also maintains relationships with two key associations representing emergency managers among others: the International Association of Emergency Managers (IAEM) and the National Emergency Management Association (NEMA), both of which have committees that focus on private sector partnerships.

In addition to its headquarters team, the PSD maintains a dotted line relationship to a stakeholder liaison in each of the agency’s ten regions. These liaisons’ roles include private sector engagement and often tribal or intergovernmental outreach as well. Each liaison works with state and territorial counterparts to support and enhance private sector engagement where programs exist, and to encourage private sector integration where it has not yet occurred. During disasters, the headquarters and regional teams are supplemented by a small corps of Disaster Assistance Reservists who deploy under ESF 15-External Affairs to support SLTT counterparts with private sector engagement.

The PSD also works with FEMA programs and other partners to develop tools and resources that can support efforts around the country, such as free, downloadable tabletop exercises and online training available to SLTT partners, private sector organizations and others who visit the website. The division also works with the FEMA Grant Programs Directorate each year to maintain a resource guide on how grant recipients can apply homeland security funding to efforts in support of public private partnerships. These and other resources, such as examples of public-private partnerships, are shared on www.fema.gov/privatesector. PSD and FEMA Intergovernmental Affairs also work closely to facilitate collaboration among FEMA programs

Association of Homebuilders co-sponsored a recent webinar and workshop during which FEMA's Federal Insurance and Mitigation Administration (FIMA) presented information on the recent flood insurance reforms that took place as a result of Biggert Waters 2012.

FEMA also works with its Sector-Specific Agencies partners (such as the U.S. Department of Energy) who develop partnerships with the private and SLTT partners within their respective sectors to prepare for all types of hazards—natural and man-made. This helps ensure that the federal government message is consistent.

One of the PSD's major efforts to bring the public and private sectors together each year is the National Conference on Building Resilience through Public Private Partnerships, which is co-hosted with the Department of Homeland Security (DHS) Private Sector Office and U.S. NORTHCOM. Speaker and audience participation goals include a 50-50 mix of government and private sector involvement, with generally 275-300 total participants. The 2013 conference filled quickly, and reached the maximum facility capacity of 300 people.

Q. How does FEMA integrate the private sector stakeholders to assure the engagement and feedback informs decision making across the agency and with the Department as a whole, not just in the Private Sector Division Office?

A. As part of the Office of External Affairs, the Private Sector Division works with program offices across the Federal Emergency Management Agency (FEMA), as well as with Department of Homeland Security (DHS) counterparts in the DHS Private Sector Office and DHS National Protection and Programs Directorate's (NPPD) Office of Infrastructure Protection. In close coordination with these partners, we ensure that private sector stakeholders receive timely and relevant information on a range of initiatives, such as seasonal campaigns, opportunities to provide input on policy initiatives, information on newly released national policies, national exercises, FEMA Think Tank participation, major announcements, such as meetings of FEMA's National Advisory Council and other opportunities to join in a dialogue with the agency. As a primary point of entry for the private sector to FEMA, the Private Sector Division also facilitates appropriate connections between private sector entities and program subject matter experts in FEMA's many programs that offer resources of interest to the private sector. The division also has partnered with FEMA programs to create its own tools, such as several free, downloadable tabletop exercises available on www.fema.gov/privatesector, as well as two online courses on building and sustaining public private partnerships available through the Emergency Management Institute (IS 660 and IS 662) and a related classroom based course.

FEMA also established a Private Sector Representative (PSR) position in 2010 as a way to provide an "honest broker" connection between the federal government and private sector partners during disasters. Unlike the full-time federal positions established starting in 2008, a PSR is a member of the private sector who serves as a special government employee (SGE) during their 90-day tenure with FEMA, effectively taking off their home organization "hat" and representing the entire private sector while they are a PSR. When the National Response

Coordination Center (NRCC) is activated the current PSR serves as a neutral liaison between FEMA and private industry through the National Business Emergency Operation Center (NBEOC), leveraging private sector coordination and collaboration capabilities and sharing situational awareness information. When not activated for disaster response, representatives work as part of FEMA's Private Sector Division, sharing information with the private sector on tools and resources available from FEMA to help businesses and other non-government organizations with disaster planning, training, and exercising.

In addition to public facing initiatives, FEMA has created or contributed to foundational documents to support government employees who are working with the private sector. One such document is a legal guideline created by FEMA's Office of Chief Counsel in partnership with PSD, to help headquarters, regional and front line staff navigate the often complex legal environment that governs how the federal government can interact with the private sector. Importantly, the document is intended to help staff find ways to achieve overarching goals of private sector partnerships, helping both parties "get to yes." The document was disseminated across FEMA in 2012, including to the regional private sector liaisons and legal teams.

Another key document is an interagency guideline for partnerships created by the White House Interagency Coordinating Council, of which PSD is a member. Along with colleagues across the federal government, PSD contributed to good practices and lessons learned that are highlighted in the guide to help other government partners as they establish their own efforts to engage the private sector.

The PSR position has been filled by eight companies, including Target, Big Lots, Brookfield Properties, Systems Planning Corporation (a small business), Verizon, Citi, Wal-Mart, and Dominion Power. The Division recently welcomed the first academic representative from Morgan State University; this will also be the first PSR embedded with FEMA programs offices outside of the Private Sector Division, so their skills and background can be leveraged to the fullest extent.

FEMA also works with other Department and Agencies under the Emergency Support Function (ESF) structure, which include those agencies designated as Sector-Specific agencies that meet as the ESF Leadership Group. During an event, FEMA activates the appropriate ESFs to deploy to NRCC and also works with Department and Agencies. These agencies can become the conduit between FEMA and private industry within the affected sector.

Q. While travel budgets are severely limited and participation by Federal employees at regional meetings and conferences is scrutinized, what steps is your office taking to assure critical communication and information sharing capabilities with our private sector partners is not unnecessarily limited?

A. As part of the Office of External Affairs, a fundamental role for the Private Sector Division (PSD) is to conduct stakeholder engagement through any means available. While virtual communication cannot fully replace the level of engagement that in-person contact can provide,

the PSD leverages web-based tools, telephone, and other virtual communication channels to stay in touch with its stakeholders.

Within the current financial climate, travel has been considerably reduced for staff, consistent with colleagues across government. Although PSD is not able to respond to every invitation, by focusing on events where there is a speaking role and where it is likely to maximize the division's ability to reach key audiences, PSD is able to make the best use of staff time and travel budgets. In 2013, the major event for the division is the third annual National Conference on Building Resilience through Public Private Partnerships, which will be held locally in Washington, D.C. PSD has collaborated with colleagues from the U.S. Department of Homeland Security and the Department of Defense to hold this conference each year since 2011, and it has become a focal point for discussing current issues and best practices with mutual private sector stakeholders. The conference also provides an excellent opportunity for PSD to meet with all the FEMA regional private sector liaisons in one place.

Q. Are measures taken to assure the NBEOC does not duplicate partnerships that already exist between State and local entities and private sector organizations?

A. The National Business Emergency Operation Center (NBEOC) was established in July 2012 as part of Emergency Support Function (ESF) 15 – External Affairs to provide an information sharing and collaboration platform for national partners during major disasters. The NBEOC membership is a virtual network of national corporations; critical infrastructure Department of Homeland Security (DHS) partners, including the Sector-Specific agencies; federal, state, local, tribal, and territorial (SLTT) government; and trade associations that have a role during disasters. A key goal of the NBEOC is to promote businesses getting back to business following a disaster. Information and interactions are tailored to this objective.

The NBEOC is not intended to supersede or replace any existing government plans or programs. Rather, it is intended to supplement and enhance those plans and programs by providing a venue at the national level for effective communication and rapid emergency response and coordinated action across all levels of the public and private sector during a disaster or other emergency.

Primary to the NBEOC's success is its ability to tie together national, regional and SLTT private sector efforts. Most disasters are handled at the local level while the NBEOC supports SLTT response by serving as a national-level entry point for private industry. Many of the NBEOC private sector members are from national or multi-national organizations that specifically seek to minimize the number of touch points they must handle during a disaster to get information or engage in support activities. The NBEOC can provide that single, national point of contact and connect NBEOC partners with more local governmental leadership for a specific disaster.

Currently, there are seven state-level members of the NBEOC, including AK, NV, WA, NJ, FL, LA and TN, as well as several local members. Ongoing integration with SLTT partners will make the NBEOC an increasingly robust resource for all members. While many SLTT governments have developed relationships with the private sector, this is not yet a consistent practice nationwide, nor in many cases do SLTT governments have the staffing or capacity to

maintain robust private sector relationships. One of the benefits that FEMA can offer is a consistent resource and point of connection with national private sector organizations with which FEMA's Private Sector Division maintains relationships.

In cases where the state, local, tribal or territorial government already conducts private sector engagement, the NBEOC can function as a supporting structure for the emergency management lead on the ground. Where there are no existing structures in place to engage the private sector, the NBEOC can function as a national level mechanism that the emergency management lead on the ground can tap into, in coordination with FEMA. In neither case would the NBEOC replace or duplicate a more localized capability.

The NBEOC also maintains an increasingly close relationship with information sharing, partners like the National Infrastructure Coordinating Center, and communicates regularly with these partners both during disasters and non-disaster periods.

Q. How does the NBEOC share open data with private sector partners and to what level does that data sharing extend to non-profits and the faith-based community?

A. FEMA has an open data initiative team, with which the Private Sector Division collaborates. As these efforts are still emerging, we continue to investigate the best means to share open data that is of relevance to the private sector in the future. Due to existing emergency support functions and programs that work more directly with the non-profit and faith-based communities, the NBEOC focuses largely on the corporate and trade association audience, with which we coordinate. However, NBEOC membership is open to all private sector entities that sign an agreement.

Q. To what extent does the NBEOC work with private sector stakeholders to assure adequate information sharing occurs while protecting proprietary information?

A. Recently, the NBEOC held a virtual meeting followed by a smaller, in-person operational summit to discuss information sharing processes. Extreme care is exercised to protect information and no company's proprietary information is distributed externally from FEMA to outside non-governmental sources at this point. In partnership with FEMA's operational programs, we are exploring more robust information-sharing mechanisms and capabilities to use in the future.

**Post-Hearing Questions for the Record
Submitted to
Michael Chodos, Associate Administrator, Office of Entrepreneurial Development, U.S.
Small Business Administration**

“The Role of the Private Sector in Preparedness and Emergency Response”

**Wednesday, May 8, 2013 2:30 P.M.
United States Senate, Subcommittee on Emergency Management, Intergovernmental
Relations, and the District of Columbia
Committee on Homeland Security and Governmental Affairs**

Question: Has the SBA done any kind of assessment on the return on investment seen following the integration of mitigation plans or strategies by small businesses in disaster-prone areas?

Answer: SBA has not conducted any assessment on the return on investment of mitigation plans or strategies implemented by small businesses in disaster-prone areas. In general, disaster victims may use the proceeds of an SBA disaster loan to cover the full cost of mitigation measures if such measures are required by local building codes. Additionally, SBA may increase borrowers' approved loan amounts by up to 20 percent of the total verified physical loss to complete other mitigation measures for the purpose of protecting real and personal property against disaster related damage.

Question: While travel budgets are severely limited and participation by Federal employees at regional meetings and conferences is scrutinized, what steps is the SBA taking to assure critical communication and information sharing capabilities with private sector partners is not unnecessarily limited? What specific steps has SBA taken to improve efficiencies and effectiveness due to the current fiscal environment and are these steps a temporary step in order to assess immediate impact of budget changes or sequestration?

Answer: Through SBA's extensive field network of district offices and resource partners, the agency has been able to ensure effective communication and information sharing with the private sector despite the current fiscal climate. SBA has a network of 68 district offices located throughout the U.S. that conduct outreach with the private sector to facilitate information sharing and communication. Additionally, SBA's resource partners, made up of Small Business Development Centers, Women Business Centers, and SCORE volunteers, are located in communities across the country and are in constant contact with the private sector. This extensive field network, which has been called SBA's bone structure, has been critical to maintaining open lines of communication between the SBA and the private sector.

SBA has made it a priority in FY 2013 to reduce non-disaster related travel spending in response to the President's Executive Order on June 13, 2011 establishing the Campaign to Cut Government Waste (CCW). The agency has made progress in reducing non-disaster travel and is on track to meet its FY 2013 CCW target. SBA is also leveraging the President's CCW as an

opportunity to improve efficiency in other targeted areas, such as conference event spending. Agency policies on conference spending have been updated to include approval by the Deputy Administrator for any conference estimated to cost more than \$15,000. This extra scrutiny by senior management requires program managers to clearly demonstrate the benefit of any proposed conference expenditure.

Question: Do you have additional details on specific timelines for the opening of Disaster Recovery Loan Centers post-disaster and how quickly loans are approved following the initiation of the applications?

Answer: One of SBA's performance goals is to establish a field presence within three business days of a declaration 95 percent of the time. Since Fiscal Year 2006, SBA has consistently beaten this goal by achieving a field presence with three days 100 percent of the time.

With regard to how quickly loans are approved following the "initiation of the applications," SBA's goal for Fiscal Year 2012 was approval or denial within 18 days of receipt of a complete application for home loan applications and 21 days for business loan applications. In FY 2012, SBA processed 96 percent of home loans and 93 percent of business loans within these time frames.

Question: Does SBA have policies related to relocation of businesses outside of hazard zones for repetitive loss properties?

Answer: Disaster victims may use their SBA disaster loans to relocate outside of hazard zones. In some cases, disaster victims are eligible for reasonable moving and storage costs in addition to the cost of purchasing a replacement structure on the new site.

**Post-Hearing Questions for the Record
Submitted to
Christopher Terzich, Chair, Regional Consortium Coordinating Council
From Senator Mark Begich**

“The Role of the Private Sector in Preparedness and Emergency Response”

**Wednesday, May 8, 2013 2:30 P.M.
United States Senate, Subcommittee on Emergency Management, Intergovernmental
Relations, and the District of Columbia
Committee on Homeland Security and Governmental Affairs**

Q. What are some of the most effective tools or strategies for reducing the costs associated with disaster response and what role do the members of the RCCC play in supporting these actions?

A. Christopher Terzich – Social media is the single most-effective tool for reducing cost while improving preparedness. The sense of community mentioned within my testimony is in many ways the most effective tool for disaster response, whether considered from the perspective of efficacy or efficiency and social media technologies can accelerate and strengthen connections within the infrastructure protection community. However, it remains underused for resilience and infrastructure protection.

Q. Is there a place for the private sector in mutual assistance and how can those relationships be strengthened to encourage the leveraging of shared resources?

A. Christopher Terzich – Mutual aid agreements and assistance agreements have proven effective between agencies, organizations, and jurisdictions in order to provide a mechanism to quickly obtain emergency assistance in the form of personnel, equipment, and materials. While there is no research or even measurable anecdotal evidences of these relationships in the private sector, there may be value to this type of agreement where the core functions of a business are related to preparedness and response.

With most businesses, however, formal agreements may not have the desired effect and may even inhibit full cooperation. Corporations (like people) have historically made significant contributions during disasters in order to demonstrate their commitment to the community. Formal agreements on the other hand are done in advance of a disaster and after close legal and financial review may be more conservative than the ad-hoc donation or volunteer effort.

Perhaps this issue is best framed in terms of shared or superordinate goals. For a community to respond to and recover from a disaster effectively, critical infrastructure businesses must recover quickly. As a result, quick recovery of critical infrastructure is a shared goal between private and public organizations. Public agencies often have the situational awareness and guidance to enable quick infrastructure recovery. Strong connections between public agencies and business will speed recovery more than formal agreements.

It is in the interest of RCCC members and all critical infrastructure organizations to continue working closer together. On their behalf, I commit our time, talent and resources to working together to pursue these goals and those articulated during the May 8th hearing.

**Post-Hearing Questions for the Record
Submitted to
Daniel Stoecker, Executive Director, National Volunteer Organizations Active in Disaster
“The Role of the Private Sector in Preparedness and Emergency Response”**

**Wednesday, May 8, 2013 2:30 P.M.
United States Senate, Subcommittee on Emergency Management, Intergovernmental
Relations, and the District of Columbia
Committee on Homeland Security and Governmental Affairs**

Q. How does NVOAD promote the sharing of lessons learned and best practices from recent exercises or disaster deployments among the membership? Are there publications or membership meetings that allow for communication following disasters?

- The NVOAD community utilizes a number of methods and mediums for sharing lessons learned and best practices even among recent disaster deployments:
- For all disaster events, deployed member organizations meet regularly via teleconference to share such information.
- NVOAD members share written operation reports on a monthly basis, which are collated into a NVOAD Situation Report (Response) or a National Recovery Operations Report (Recovery).
- Information is also shared on a monthly basis through the *VOAD Vision* e-newsletter.
- The National VOAD Conference is held each year in May for the purpose of sharing best practices and evaluating actions after disasters in the previous year.
- For Hurricane Sandy: Local, state and national VOAD members joined other stakeholders throughout the region for two special gatherings held May 4 and 5: (1) a response hotwash and (2) a convening of organizations participating in recovery activities. Reports on both events were drafted, distributed and are posted on our website, www.nvoad.org. A more comprehensive after action report is currently being developed.
- National VOAD membership and partners also meet regularly throughout the year through thirteen Committees and Task Forces with specialized functions such as Mass Care, Emotional Care, Housing, and Volunteer and Donations Management. These committees also gather, evaluate and share lessons learned and best/emerging practices. At times, they also make recommendations which the entire collaborate may adopt as official NVOAD Guidelines or Points of Consensus to help improve service delivery.
- One such example is the “Multi-Agency Feeding Plan Template,” which provides suggested guidance and procedures for a jurisdiction to consider in the development of a multi-agency feeding plan and a coordinating group (a Feeding Task Force) that supports feeding assistance in advance of, during and after a disaster throughout the impact area(s) of a State. It stresses coordination among the various organizations/agencies participating in feeding operations. These organizations/agencies include: Federal, State, tribal and local government entities, non-government organizations, and other organizations involved with feeding operations including in the private sector. Additionally, the template can serve as an educational tool assisting jurisdictions, NGOs, private sector and other stakeholders

providing feeding support to understand the complexities of implementing a coordinated and collaborative feeding operation. This includes understanding both the feeding protocols of the various feeding providers and the government entities. The effective and efficient request and receipt of resources will ensure that the process of integrating Federal, State, tribal and local resources will be streamlined.

Q. Do volunteer organizations participate in mutual aid at the State level and do you believe there is a place for NVOAD members in that discussion?

Yes. There are 55 State and Territory VOAD coalitions, representing hundreds of organizations dedicated to our 4Cs - Cooperation, Communication, Coordination and Collaboration. These 55 VOAD coalitions are also NVOAD member organizations. When a disaster strikes requiring assistance beyond what is locally and readily available by service organizations within a state, our other NVOAD national organization members work with their State VOAD colleagues and emergency management officials to provide mutual aid necessary to meet the challenges of that disaster.

Many State and local VOADs and their membership have an intrastate and interstate relationship. For example, in Alabama, southern/gulf regional organizations have agreements with organizations and volunteers in the northern parts of the state to support hurricane response. Likewise, the southern regions agreed to respond with resources and volunteers to tornadoes and other events. The State VOADs operating in Louisiana, Alabama and Mississippi also coordinate mutual assistance and planning activities. The National VOAD national membership organizations coordinate with their State VOAD colleagues.

Q. In order to avoid Federal working groups and policy initiatives that often cannot be entirely inclusive to non-governmental organizations, how does NVOAD engage its membership to support the development of critical policy recommendations like the National Mass Care Strategy?

NVOAD works with our colleagues in the federal system to identify relevant members (community stakeholders) and coordinate their inclusion into Federal working group processes. For example, we have facilitated such participation in the development of the NDRF, NRF, as well as related RSF & ESF annexes. We currently work closely with DHS (FEMA, USICE), HHS (ASPR, CDC), DoD (USACE, USNORTHCOM, NGB), DOA and HUD. Most of these federal agencies also have representatives serving as liaisons to the various NVOAD committees.

NVOAD was central to the establishment of the National Mass Care Council (NMCC) which facilitated the process to establish the National Mass Care Strategy. NVOAD served as a NMCC Co-chair and critical policy recommendations were developed with formal input from many NVOAD members and committees. In addition, many stakeholders also gathered and deliberated during the National VOAD Conference.

Q. In terms of the legislative and policy suggestions enclosed in the National Mass Care Strategy document, have you engaged FEMA and other relevant agencies to identify those recommendations that may be able to be addressed by regulation or internal policy change?

Yes. FEMA and NEMA representatives served as formal and active participants in the development of the National Mass Care Strategy document. A number of the recommended changes require legislative modifications to the Stafford Act or other authorizing mechanisms requiring congressional approval.